

many shall be protected and that their happiness be safeguarded and guaranteed; to the Committee on Foreign Affairs.

322. By Mr. KVALE: Petition of mass meeting held at Minneapolis, Minn., on March 27, opposing the anti-Jewish activity in Germany; to the Committee on Foreign Affairs.

323. Also, petition of Watonwan County Farmers Union, urging enactment of the Frazier bill; to the Committee on Banking and Currency.

324. By Mr. LAMBERTSON: Petition of 27 citizens of Washington County, Kans., urging the passage of the Frazier bill for the refinancing of farm loans; to the Committee on Ways and Means.

325. By Mr. LINDSAY: Petition of United Mutual Life Insurance Co., Indianapolis, Ind., opposing the passage of the Wilcox bill; to the Committee on the Judiciary.

326. Also, petition of New York Coffee Roasters Association, New York City, opposing a special tax on coffee; to the Committee on Ways and Means.

327. Also, petition of Widmer's Grape Products Industry, Naples, N.Y., opposing tax on cider containing 3.2 percent alcohol by weight; to the Committee on Ways and Means.

328. Also, petition of New York Board of Trade, Inc., New York City, favoring the establishment of free ports in the United States, especially one to be located in the port of New York; to the Committee on Ways and Means.

329. Also, petition of C. F. Thatcher, Inc., makers of riding boots and sport shoes, Brooklyn, N.Y., concerning adjustment of duties on military boots; to the Committee on Military Affairs.

330. Also, petition of Parshelsky Bros., Inc., wholesale jobbers, Brooklyn, N.Y., urging the term "safety plate glass" in House bill 706 be amended to read "safety nonscatterable glass"; to the Committee on Ways and Means.

331. Also, petition of Abraham Miller Association, Inc., of Williamsburgh, Brooklyn, N.Y., protesting against atrocities perpetrated against their Jewish brethren in Germany; to the Committee on Foreign Affairs.

332. Also, petition of Norwood Democratic Club, Inc., Brooklyn, N.Y.; protesting against the persecution of Jews in Germany; to the Committee on Foreign Affairs.

333. Also, petition of Greenpoint Peoples Regular Democratic Organization, Brooklyn, N.Y., protesting against the treatment of Jews in Germany by the Hitler regime; to the Committee on Foreign Affairs.

334. Also, petition of Thirteenth Assembly District Regular Democratic Organization, Inc., Brooklyn, N.Y., protesting against the persecutions inflicted upon the Jewish people in Germany; to the Committee on Foreign Affairs.

335. Also, petition of Jewish-American citizens of Williamsburgh, Brooklyn, N.Y., protesting against the persecution of Jews in Germany; to the Committee on Foreign Affairs.

336. Also, petition of Peoples Regular Democratic Organization, Inc., nineteenth assembly district, Brooklyn, N.Y., protesting against the persecution of the Jewish people in Germany at the hands of Hitler and his Nazi forces; to the Committee on Foreign Affairs.

337. Also, petition of Jamie Kelly Association, Inc., Brooklyn, N.Y., protesting against alleged atrocities perpetrated upon the Jewish people in Germany under the Hitler regime; to the Committee on Foreign Affairs.

338. By Mr. LUDLOW: Petition favoring equal rights for men and women throughout the United States and every place subject to its jurisdiction; to the Committee on the Judiciary.

339. By Mr. MALONEY of Connecticut: Resolution adopted by the Jewish community of New Haven, Conn., in mass meeting assembled at the Shubert Theater in New Haven on March 27, 1933; to the Committee on Foreign Affairs.

340. By Mr. MEAD: Petition of the New York Board of Trade, favoring the establishment of a free port in the harbor of New York; to the Committee on Rivers and Harbors.

341. By Mr. MURDOCK: Concurrent memorial of the Senate of the State of Utah, memorializing Congress to pass

House bill No. 11816, Seventy-second Congress, for the regulation and control of the public range of the United States and for the creation of grazing districts by the Secretary of the Interior under the direct supervision of the users of the public range; to the Committee on the Public Lands.

342. Also, concurrent memorial of the House of Representatives of the State of Utah, memorializing the President and Congress of the United States to support or initiate a movement to stabilize the monetary and credit bases, so as to improve world commodity prices; to the Committee on Coinage, Weights, and Measures.

343. Also, concurrent memorial of the State Senate of the State of Utah, memorializing the Congress of the United States to appoint a committee to investigate the administration and control by the Bureau of Biological Survey of the Bear River Migrating Bird Refuge; to the Committee on Agriculture.

344. By Mr. ROBERTSON: Memorial of Capt. Greenlee D. Letcher and Charles W. R. Dunlap, of Rockbridge Post, No. 95, American Legion, Lexington, Va., commending the President and the Congress on economy legislation and pledging the loyal allegiance of the post; to the Committee on Economy.

345. By Mr. RUDD: Petition of the Old Glory Council, American Association for the Recognition of the Irish Republic, demanding that the Government insist on full payment of all indebtedness by our European debtors; to the Committee on Foreign Affairs.

346. Also, petition of Westend Republican Club, of Queens County, Woodhaven, Long Island, N.Y., opposing any recognition of the Soviet Government of the Union of Socialist Soviet Republics or any other government in old Russia; to the Committee on Foreign Affairs.

347. Also, petition of Westend Republican Club, of Queens County, Long Island, N.Y., favoring the Tinkham resolution; to the Committee on the Judiciary.

348. Also, petition of New York Coffee Roasters' Association, opposing the proposed tax on coffee; to the Committee on Ways and Means.

349. By Mr. WELCH: Resolution No. 534 adopted by the Board of Supervisors of the City of San Francisco, Calif., calling upon Congress to enact legislation limiting hours of labor on public works of the United States to 6 hours in any calendar day; to the Committee on Labor.

350. Also, Resolution No. 707 adopted by the Board of Supervisors of the City of San Francisco, Calif., calling upon Congress to pass bill legalizing wine with alcoholic content from 10 to 12 percent; to the Committee on the Judiciary.

351. By Mr. WHITE: Memorial of the Legislature of the State of Idaho, memorializing Congress to enact into law Senate Joint Memorial No. 7, to amend section 5 of the Idaho Admission Act; to the Committee on the Judiciary.

352. By the SPEAKER: Petition of the City Council of the City of San Buenaventura, advocating the issue of national currency to municipalities on pledge of their bonds; to the Committee on Banking and Currency.

353. Also, petition of the Board of Supervisors of San Francisco, urging Congress to pass a bill legalizing wine with an alcoholic content of 10 to 12 percent; to the Committee on Ways and Means.

354. Also, petition of J. F. Barnhill, urging Congress to impeach United States District Judge George Cosgrave and Referee in Bankruptcy James L. Irwin; to the Committee on the Judiciary.

SENATE

WEDNESDAY, APRIL 5, 1933

(Legislative day of Monday, Mar. 13, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. LEWIS. Mr. President, I note the absence of a quorum and ask a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk (Ben Logan) called the roll, and the following Senators answered to their names:

Adams	Couzens	King	Robinson, Ark.
Ashurst	Cutting	La Follette	Robinson, Ind.
Austin	Dickinson	Lewis	Russell
Bachman	Dieterich	Logan	Schall
Bailey	Dill	Loneragan	Sheppard
Bankhead	Duffy	Long	Shipstead
Barbour	Erickson	McAdoo	Smith
Barkley	Fess	McCarran	Steinwer
Black	Fletcher	McGill	Stephens
Bone	Frazier	McKellar	Thomas, Okla.
Borah	George	McNary	Thomas, Utah
Brown	Glass	Metcalf	Townsend
Bulkley	Goldsborough	Murphy	Trammell
Bulow	Gore	Neeley	Tydings
Byrd	Hale	Norbeck	Vandenberg
Byrnes	Harrison	Norris	Van Nuys
Capper	Hastings	Nye	Wagner
Caraway	Hatfield	Overton	Walcott
Carey	Hayden	Patterson	Walsh
Clark	Johnson	Pittman	Wheeler
Connally	Kean	Pope	White
Coolidge	Kendrick	Reed	
Costigan	Keyes	Reynolds	

Mr. LEWIS. I beg to announce that the senior Senator from New Mexico [Mr. BRATTON] and the senior Senator from New York [Mr. COPELAND] are necessarily detained. The announcement may remain for the day.

Mr. REED. My colleague the junior Senator from Pennsylvania [Mr. DAVIS] is still detained from the Senate on account of illness.

Mr. FESS. I desire to announce that the senior Senator from Vermont [Mr. DALE] and the junior Senator from Rhode Island [Mr. HEBERT] are necessarily absent.

The VICE PRESIDENT. Ninety Senators having answered to their names, a quorum is present.

THE JOURNAL

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent for the approval of the Journal for the calendar days of Friday, March 31, Monday, April 3, and Tuesday, April 4, 1933.

The VICE PRESIDENT. Is there objection? The Chair hears none.

CHAIN STORES—CHAIN-STORE MANUFACTURING (S.DOC. NO. 13)

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Federal Trade Commission, transmitting, pursuant to Senate Resolution 224, Seventieth Congress, a report of the Commission entitled "Chain-Store Manufacturing", which, with the accompanying report, was referred to the Committee on the Judiciary and ordered to be printed.

FEBRUARY REPORT OF RECONSTRUCTION FINANCE CORPORATION

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Reconstruction Finance Corporation, reporting, pursuant to law, relative to the activities and expenditures of the Corporation for the month of February, 1933, together with a statement of loans authorized during that month, showing the name, amount, and rate of interest in each case, which, with the accompanying tables, was referred to the Committee on Banking and Currency.

FUNCTIONS OF THE GEOGRAPHIC BOARD (S.DOC. NO. 14)

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the United States Geographic Board, reporting, pursuant to Senate Resolution 351, Seventy-second Congress, relative to the functions and activities of the Board, the total annual expenditures for the latest complete fiscal year wherever practicable, or part thereof, as indicated, and also enclosing a list of employees receiving compensation at the rate of \$5,000 or more per annum, which, with the accompanying paper, was ordered to lie on the table and to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a joint resolution adopted by the Legislature of the State of California, memorializing Congress to enact legislation providing for the suspension in payment of charges due from Federal reclamation-project settlers to the United States and providing for a loan to the reclamation fund to replace the income thereto thus suspended, which was referred to the Committee on Irrigation and Reclamation.

(See joint resolution printed in full when presented by Mr. JOHNSON on the 3d instant, p. 1097, CONGRESSIONAL RECORD.)

The VICE PRESIDENT also laid before the Senate a telegram from James J. Cahill, secretary, stock exchange reform committee of the Manhattan Board of Commerce, embodying a resolution adopted by the board of directors of the Manhattan Board of Commerce, New York City, N.Y., urging that the Congress disregard all former State "blue sky" legislation during its consideration of regulatory measures to protect the people against the wholesale flotation of worthless and fraudulent stocks, bonds, etc., and favoring the enactment of a fair and reasonable Federal "blue sky law which would apply to the rich as well as to the poor and which would be a pattern for all State blue sky laws to follow", etc., which was referred to the Committee on Banking and Currency.

He also laid before the Senate resolutions adopted by members of the Regular Democratic Club, Inc., of Fairview, N.J., favoring the passage of pending legislation establishing a shorter work day and week, which was ordered to lie on the table.

PROPOSED BANKING REGULATIONS

Mr. BONE presented resolutions adopted by the Council of the City of Seattle and the Board of County Commissioners of King County, Wash., which were referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

Resolution 11203

Whereas the Federal Government of the United States asserted its willingness to issue money to the banks of the United States, taking their commercial paper and other securities as collateral; and

Whereas city and county warrants, when issued within the provisions of the budget, make one of the safest investments; and

Whereas national banks refuse to cash these warrants, and give as their reason the inability to rediscount them with the Federal Government; and

Whereas we consider it the duty of the Federal Government in these days of stress to come to the rescue, not only of private business but of the various political subdivisions: Now, therefore, be it

Resolved by the City Council of the City of Seattle, That we petition the President of the United States, our Senators, and Members of Congress that the laws, rules, and regulations pertaining to banking be so changed or amended as to enable banks to accept warrants issued by political subdivisions wherever and whenever these warrants are issued in compliance with the budget laws and regulations of the various political subdivisions; be it further

Resolved, That copies of this resolution be forwarded to the President of the United States, to the United States Senators and Members of the House of Representatives, and to the senators and representatives of the State of Washington.

Passed the city council this 20th day of March 1933, and signed by me in open session in authentication of its passage this 20th day of March 1933.

FRANK LAUBE,
President of the City Council.

Filed this 20th day of March 1933.

H. W. CARROLL,
City Comptroller and ex officio City Clerk.

Resolution 5006

Whereas the Federal Government of the United States asserted its willingness to issue money to the banks of the United States, taking their commercial paper and other securities as collateral; and

Whereas city and county warrants, when issued within the provisions of the budget, make one of the safest investments; and

Whereas national banks refuse to cash these warrants, and give as their reason the inability to rediscount them with the Federal Government; and

Whereas we consider it the duty of the Federal Government in these days of stress to come to the rescue, not only of private business but of the various political subdivisions: Now, therefore, be it

Resolved by the Board of County Commissioners of King County, That we petition the President of the United States, our Senators, and Members of Congress that the laws, rules, and regulations pertaining to banking be so changed or amended as to enable banks to accept warrants issued by political subdivisions wherever and whenever these warrants are issued in compliance with the budget laws and regulations of the various political subdivisions; be it further

Resolved, That copies of this resolution be forwarded to the President of the United States, to the United States Senators and Members of the House of Representatives, and to the Senators and Representatives of the State of Washington.

Passed this 21st day of March 1933.

JOHN C. STEVENSON,
W. B. BRINTON,
LOUIS NASH,

Board of County Commissioners, King County, Wash.

Attest:

GEORGE A. GRANT,
Clerk of Board.

EMERGENCY RELIEF OF AGRICULTURAL INDEBTEDNESS

Mr. WAGNER, from the Committee on Banking and Currency, to which was referred the bill (S. 1110) to provide emergency relief with respect to agricultural indebtedness, to refinance farm mortgages at lower rates of interest, to amend and supplement the Federal Farm Loan Act, to provide for the orderly liquidation of joint-stock land banks, and for other purposes, reported it with amendments and submitted a report (No. 17) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred, as follows:

By Mr. CAPPER:

A bill (S. 1145) for the relief of William M. Sherman; to the Committee on Military Affairs.

By Mr. McNARY:

A bill (S. 1146) for the relief of John W. Beck; to the Committee on Military Affairs.

By Mr. THOMAS of Oklahoma:

A bill (S. 1147) conferring jurisdiction on the Court of Claims to adjudicate the rights of the Otoe and Missouri Tribes of Indians to compensation on a basis of guardian and ward; to the Committee on Indian Affairs.

By Mr. McGILL:

A bill (S. 1148) granting a pension to Ida Lane; to the Committee on Pensions.

By Mr. WHEELER:

A bill (S. 1149) to extend the time of payment of certain loans made to farmers by the Secretary of Agriculture; to the Committee on Agriculture and Forestry.

By Mr. COSTIGAN:

A bill (S. 1150) for the relief of J. O. Winnett; to the Committee on Claims.

A bill (S. 1151) granting a pension to William A. Walters; and

A bill (S. 1152) granting an increase of pension to Thomas N. Pray; to the Committee on Pensions.

By Mr. RUSSELL:

A bill (S. 1153) to amend the Bank Conservation Act to provide for the appointment of conservators for certain closed banks; to the Committee on Banking and Currency.

6-HOUR DAY AND 5-DAY WEEK

Mr. LEWIS submitted an amendment intended to be proposed by him to Mr. TYDINGS' amendment proposed to the bill (S. 158) to prevent interstate commerce in certain commodities and articles produced or manufactured in industrial activities in which persons are employed more than 5 days per week or 6 hours per day, which was ordered to lie on the table and to be printed.

AMENDMENT OF EMERGENCY RELIEF AND CONSTRUCTION ACT

Mr. KING submitted an amendment intended to be proposed by him to the bill (S. 509) to amend the Emergency Relief and Construction Act of 1932, which was referred to the Committee on Banking and Currency and ordered to be printed.

NAVY DIRIGIBLE "AKRON" DISASTER

Mr. KING. Mr. President, I submit a resolution and ask that it may be read and referred to the Committee on Naval Affairs, and I respectfully urge the committee to meet as soon as possible and report the resolution to the Senate.

The resolution (S. Res. 58) was read and referred to the Committee on Naval Affairs, as follows:

Whereas the Navy dirigible *Akron* was wrecked at sea on April 4, 1933, while on a flight in the course of duty, such wreck ap-

parently resulting in the death of 73 officers and members of the crew and the total destruction of such dirigible; and

Whereas it is imperative in the public interest that the responsibility for the wreck of said dirigible and the casualties resulting therefrom should be clearly ascertained, and that for this purpose a thorough, impartial, and unrestricted investigation thereof should be made by an agency having plenary authority to conduct such investigation; and

Whereas such wreck is one of a series of disasters involving the destruction of Army and Navy dirigibles with great loss of life; and

Whereas the dirigible is a costly form of aircraft and entails great expenditure in its proper housing and maintenance and requires an extensive staff of technicians and numerous personnel for its proper care and navigation; and

Whereas the utility of the dirigible for military or naval purposes is open to question; and

Whereas the Congress should become fully advised in the premises in order that proper and intelligent direction shall be given to the military and naval air policy: Therefore be it

Resolved, That a special committee consisting of five Senators, to be appointed by the President of the Senate, is hereby authorized and directed to investigate the cause or causes of the wreck of the naval dirigible *Akron*, and of the wrecks of other Army and Navy dirigibles, to seek to fix responsibility for the same, to inquire generally into the question of the utility of dirigibles in the Military and Naval Establishments, and to make recommendations to the Senate with respect to the use of dirigibles for military and naval purposes. The committee shall report to the Senate, as soon as practicable, the results of its investigations, together with its recommendations.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-third and succeeding Congresses, to employ such clerical and other assistants, to require by subpoena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 20 cents per hundred words. The expenses of the committee, which shall not exceed \$15,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

5-DAY WEEK AND 6-HOUR DAY

The Senate resumed the consideration of the bill (S. 158) to prevent interstate commerce in certain commodities and articles produced or manufactured in industrial activities in which persons are employed more than 5 days per week or 6 hours per day.

Mr. LEWIS. Mr. President, I tender an amendment to the amendment of the Senator from Washington [Mr. DILL] to the pending bill, which I ask may lie on the table.

The VICE PRESIDENT. The amendment to the amendment will lie on the table for the present.

Mr. TYDINGS. Mr. President, on yesterday I introduced an amendment exempting newspapers and periodicals from the operation of the bill. Since then I have conferred with those who have presented the bill, and I have put the amendment in different form, which I hope and believe is satisfactory to them.

I therefore ask permission to withdraw the amendment I offered yesterday and substitute the one which I have sent to the desk.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. ROBINSON of Indiana. Mr. President, I desire to comment very briefly on the measure that is now before the Senate. I shall not detain the Senate long, but since I happened to be a member of the subcommittee and heard much of the evidence adduced before that committee I thought perhaps it might be well to make some comment on that evidence.

Mr. President, I shall not discuss at all the constitutional questions involved. The constitutional questions were gone into very thoroughly, I think, before the committee and in the debate on the floor thus far. Therefore I shall not attempt to discuss them except to say that so far as I am personally concerned I prefer to follow the reasoning of Mr. Justice Holmes, who wrote the minority opinion in the so-called "*Child Labor case*", and to advert to the fact also that in the antinarcotic cases later Mr. Justice McReynolds, speaking for the Court, intimated that a different decision might be rendered if the case came up properly for review again. Before leaving this phase of the matter, too, I should

like to refer to the language of Mr. Justice Brandeis in the *New State Ice Co. case*, which I quote:

There must be power in the States and the Nation to remold, through experimentation, our economic practices, and institutions to meet changing social and economic needs. I cannot believe that the framers of the fourteenth amendment, or the States which ratified it, intended to deprive us of the power to correct the evils of technological unemployment and excess productive capacity which have attended progress in the useful arts.

And then this significant sentence:

If we would guide by the light of reason, we must let our minds be bold.

I think the bill is constitutional, though I recognize it may be a close question, and there is argument on both sides of the question and good reason for the positions taken by advocates on either side.

With that brief word, I pass on to what seem to me to be the broader aspects of this whole matter. The economic situation in the United States, and, indeed, in the world, is and has been for several years very bad; but, Mr. President, much as I dislike to say this, for I am motivated, I think, by the same impulses as are other Members of this body and would like to see times get better, and God knows the misery abroad in the land is shocking to all of us, I think conditions are constantly getting worse, and I think they will continue to grow worse so long as the policy of deflation continues. At some place or another we must turn around and go the other way. Thirteen million men are out of employment, and the number is constantly increasing. I noticed a statement in the press this morning, purporting to come from William Green, president of the American Federation of Labor, to the effect that in March, the month just behind us, unemployment increased, and as unemployment increases purchasing power decreases; and as unemployment increases, therefore, just to that extent we are destroying the American market for the products of the soil, for agriculture, and for the various industries in the country.

More than 90 percent of all our production, mark you, is sold in the home market. The home market consists largely of the wage earners of the country. They spend nearly all they make for the commodities produced in this country. Those situated more fortunately economically, who have large earning capacity, may save much of their earnings, but the ordinary wage earner spends practically all of his. Therefore, he is the backbone of the great American market. Consequently, the more men who are unemployed, the larger the army of the unemployed, the smaller is the American market, more restricted is business and commerce in this country, and deflation goes on apace. If unemployment continues to go on the way it has recently, increasing at the rate of some four or five million annually, we shall face conditions in midsummer that will beggar all description. Consequently, I am anxious to do something about it. I believe the pending measure would have a very wholesome effect.

Evidence before the committee, from competent authority, those who ought to know, was to the effect that the enactment of the pending bill would place back to work six and one half million men. That means much; and if by passing merely one act Congress can perform such a constructive service as that, it seems to me the earlier and quicker we act the better.

Testimony of a reliable character was given to the committee that at the peak moment of 1929, when economic conditions were at their zenith, at the topmost point, right then, there were 2,000,000 men unemployed in America, that condition being due to technological improvements, mechanization of industry, and of the arts and the sciences. Reliable evidence was also adduced before the committee to the effect that if tomorrow, in some magic way, we could go back to normal times, to normal economic conditions, just as we were at the peak in 1929, more than 5,000,000 men would still be unemployed.

What is the answer to that? Almost with one accord those who appeared before the subcommittee of the Committee on the Judiciary stated that a shorter workweek

was the answer. In fact, it was suggested by one of the witnesses, of national and international renown, that organized labor in the country proposed to see that there was a shorter workweek; that there must be a greater spread of labor in this country; that, if necessary, labor, pushed to its last ditch, with its back to the wall, would use its great weapon—economic force. It is a question of to starve or not to starve. The only way to take up the slack, to absorb the unemployment, he, with many others, stated, is to have a shorter workday and a shorter workweek.

It seems to me there are three things to which we might look forward: Either we must spread the work in this country, employ more men by enacting legislation such as that now before the Senate, which will enable us to add more than 6,000,000 to the number of employed at present and therefore improve our American market to that extent; or else, secondly, with the army of unemployed increasing, growing by leaps and bounds—the estimate being made by some that by the middle of June or the first of July it will be 20,000,000 if the deflationary policies we have been following so long shall be continued—then relief for the suffering and the needy must be provided on a scale the like of which we cannot even imagine at this moment. If we get to that point, it will take much of the country's wealth to extend the necessary relief. A desperate situation might easily be created and, in my judgment, is being created by this constant deflation, the constant destruction of purchasing power. I was informed—I do not know how true it may be—that the very day after we passed the so-called "Economy Act", which took 15 percent more pay away from the Government workers, and therefore decreased their purchasing power to that extent and went that much farther in the direction of destroying the American market for American products, one big concern in this city, where there are not so many large industries, notified all its employees that they would be subjected to another cut of 15 percent immediately because the Government had on the day before adopted that policy.

Mr. LONG. Mr. President—

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Louisiana?

Mr. ROBINSON of Indiana. I yield.

Mr. LONG. If the Senator will pardon me, that is not to be held so much against the industry. The fact that the Government cuts the wages of its employees 15 percent merely starts the index to working, and industry cannot resist so easily as might appear. The Government is considerably more at fault than is industry itself.

Mr. ROBINSON of Indiana. Mr. President, if it should become necessary to perform these services of relief on a vast scale, it would mean taxes such as we have never heard of before, because the people must be fed. And finally, third, if we do not spread the work by shorter hours and a shorter week, giving more people employment, and if we do not relieve the suffering, we come to one of two things—revolution or starvation; and in either case the destruction of our present economic system.

So, Mr. President, it seems to me that of these three things that may happen, of these three courses that may be pursued, the one most salutary and wholesome, of course, for all the people is the passage of the pending 5-day week bill which will spread the work to such an extent that, as evidence before the committee indicated, more than six and one half million people will be employed at once.

How can shorter hours and a greater spread of work be obtained? First, they might be accomplished by the voluntary action of industry itself, of big business; but I submit, Mr. President, that, generally speaking, the trend in industry is just the other way. At this moment, when work should be spread as widely as possible, it has been the tendency, according to the evidence before the committee, for industry to lengthen the hours of employment, so as to force those who have been working 8 hours a day to work 10 hours and 12 hours at a much lower wage, thereby adding to the number of unemployed and also decreasing, to that further extent, purchasing power.

The second way to get shorter hours would be that which the representatives of organized labor have said it might be necessary for them to resort to, namely, economic pressure, economic force.

None of us want to see that come if it can be avoided; and may I say also that those who spoke for labor before the committee said they hoped it would never be necessary, but that they were prepared, if it came to a showdown, to insist on this spread of work, that general starvation might be avoided.

The third way to bring about shorter hours, a shorter workweek, is through the enactment of legislation by the Congress.

Those who appeared before the committee, almost without exception, I think, agreed that this bill would very generally have that effect.

Mr. President, the committee was informed that at the time the testimony was taken the high mark in unemployment had been reached for all time in this country, there being practically 11,000,000 men then out of work completely, and the evidence disclosed that probably an equal number were working part time, 1 or 2 or 3 days a week, and therefore having very little purchasing power. So that it was estimated then—and that has been 2 months ago—that there were more than 23,000,000 men in the country, a very large number of whom were supporting families, who were either completely out of employment or working part time.

It is true that if this measure became a permanent part of our body of law, we would have the 6-hour day and the 5-day week year in and year out. I see no objection to that. I do not care to place this legislation alone on emergency grounds. I think there is a very great emergency existing, but I am anxious to see the bill become the law of the land permanently. It will afford more leisure, that is true; but all the evidence before the committee was to the effect that leisure brings about the purchase of additional commodities, additional production.

Men and women, too, have time to pursue lines of activity in leisure that otherwise they never would be able to enjoy; and this brings about a demand for various articles of production that ordinarily never could be sold, for which there would not be any considerable market. It is good for the self-improvement of those who have a little leisure. In fact, all the evidence of President Hoover's Commission on Economics and Economic Trends, which was introduced before the committee, was to that effect. Leisure itself would be a good thing economically—that is the point I make—as well as affording an opportunity for education and self-improvement.

Mr. President, it would be an aid to agriculture. With 13,000,000 unemployed, of course, they are living on short rations, and all those dependent upon them are living on short rations; and with those employed only part time every possible saving is made on food. So that if we spread the work and subtract from the great army of unemployed some six and a half million people immediately and add them and their purchasing power to the American market, of course, it will be of inestimable benefit and aid to the American farmer.

Some people insist that the technological age has tended to increase employment. Of course, I think that statement does not bear analysis. As a matter of fact, as I mentioned before, at the very moment when we were enjoying the greatest so-called "prosperity" in this country—namely, back in 1929, before the break came in October—there were, even then, upward of 2,000,000 men out of employment, forced out of employment because of the mechanization of industry. I read from the evidence in the record of the statement by Mr. Lovell:

The records of the Interstate Commerce Commission disclose that from the year 1919 to 1929, a 10-year period, during which the railroads of this country did the greatest volume of business, perhaps made the greatest earnings of any similar period in their history, 350,000 railroad employees were eliminated from the service.

Three hundred and fifty thousand employees eliminated from the service in the midst of so-called "prosperity"—

not in a business depression, but when this country was booming in business. That reduction came about by bigger engines, more efficient engines, bigger cars, heavier bridges, heavier track, more efficient operation.

There are 350,000 men eliminated while business was booming on the railroads.

Mr. President, many of those engaged in industry on a large scale are in favor of this legislation. The Full-Fashioned Hosiery Manufacturers of America, Inc., with something like 33 manufacturing plants, wrote a letter to the author of the bill, which was introduced in the record before the subcommittee, favoring this measure because of some of the facts I have tried to state; chiefly, that it would add to the purchasing power of the country, and therefore there would be more people to buy the products of the hosiery mills. So they were in favor of putting in the 5-day week themselves, and hoped everybody else would, because it would spread employment, increase purchasing power, and therefore they themselves could sell more of their own product.

But the most striking testimony, I think, that was given before the committee—at least it impressed me, I think, as being as striking as any testimony adduced—was that coming from the lips of Mr. Austin T. Levy.

Mr. Levy is a big industrialist. He said in his testimony:

My name is Austin T. Levy. I live at Harrisville, R.I. I am president of the Stillwater Worsted Mills, which operate in 4 locations in the State of Rhode Island, 1 location in the State of Connecticut, and 3 locations in the State of Virginia. The company employs slightly in excess of 1,500 persons.

In answer to a question from the Senator from Alabama [Mr. BLACK], the author of the bill, Mr. Levy said:

The outstanding capital stock of the company—

That is, his own company—

is about \$3,500,000.

He was asked then to give his view in connection with the bill, and I should like to read a portion of his testimony:

If this bill resulted merely in a reduction of hours and a commensurate reduction in wages, I should oppose it. This bill is valuable only if the hours are reduced and the compensation either remains where it is or is increased. I think logically it will follow if we find complete employment for our people, that wages must be paid that have some relation to the cost of living.

I think it is important also that the classes of employees not covered in this bill should eventually come under its roof. I think also that that will occur as a matter of public opinion and good practice. I think that will follow automatically in the wake of this bill. I have been inquiring, Senator NORRIS, as to the objections to the bill. The first that occurs is a problem, and the certain increase in cost in all products, and I have sought to translate that into definite figures as bearing on the particular industry in which I am engaged, namely, the wool textile industry.

My company is engaged in taking raw wool as it comes from the sheep and transforming it into finished fabric, and distributing those finished fabrics to the people who make clothing from them. There are a number of ways of plant operation, and I shall give you the figures that have to do with the most unfavorable transition that would follow with this bill, and that is the change from a single operation of 48 hours per week to a single shift of 30 hours per week.

The additional cost in a suit of clothes for a man would be, as I calculate it, \$1.08, a trifling amount indeed, when all the other factors in this situation are considered.

Where other transitions are taken into consideration, the additional cost is very much less.

It is interesting to note that the decline in prices since 1929 has been so great, due to the facts and circumstances that have been operating, a change which this bill hopes to meet and correct, that after those increases in cost, due to the operation of this bill, we would still have to add 67 percent to the then increased cost in order to equal the existing prices in 1929.

Mr. President, I think the following evidence, which came from Mr. Levy, should also go into the RECORD. He said:

Mr. Lovell testified this morning that when he entered the railroad business 12 hours a day was the standard day, and what is of more interest is not only the succession of shortening of hours but the automatic increase in pay that accompanied the reduction in hours each time it took place, and, what is very important and interesting to everybody, is that as they decreased the hours and increased the pay, the prosperity of this country went forward. If people ask what is the cost of doing what the Black

bill would require, we might well ask what is the cost to the Nation in dollars—let alone the other costs—what is the cost to the Nation of the present unemployment, and if we take as a conservative estimate that there are 10,000,000 people unemployed—the American Federation of Labor says it is almost 12,000,000, and I think we can agree on 10,000,000—I have built up the following calculation. Ten million unemployed at a standard wage of \$5 a day means \$50,000,000; as many more working half time, or a loss of \$2.50 a day, is \$25,000,000. So we have a daily loss of wages on this one count of \$75,000,000, which in a 5-day week becomes \$375,000,000.

We have, going on at the same time, a huge national expense for the relief of unemployment, and if we set that down to the modest sum of \$2.50 a week, 7-day week, it is only 30 cents a day, or a little more, and it becomes \$25,000,000 a week. We have the huge total as the direct cost of unemployment of \$400,000,000 weekly, or \$20,000,000,000 per annum.

Now that, Senator NORRIS, is only the direct cost. We have the indirect losses that follow on that through the loss in security values, through the loss in real-estate values, through the losses in commodity values, through the losses in savings. Our savings banks' losses constituted four million of deposits last year and seven million bank accounts were closed. We assume that those people used up their last funds when those seven million closed their savings-bank accounts. We must add, then, the losses in dividends, and the losses in interest, and when you have added all those things together, while the figures are impossible, I believe, to obtain, I believe they represent a far greater sum even than the direct loss of \$20,000,000,000 per annum.

When we point to those figures the whole foreign debt becomes relatively insignificant. The whole export trade of this country becomes relatively unimportant. Here we have a market at our doors of \$20,000,000,000 per annum. Where else in the world could we find such a market? Where else in the world does it exist?

There have been a good many remedies suggested to meet this situation. Moratoriums on the payment of debts, expenditures for public works, many of them not needed, costly attempts to prevent the decline of commodity prices, equally costly attempts to open and maintain channels of credit, huge expenditures for relief, share the work, and then, most important of all, about 2 years ago just now, the edict went forth that there must be a liquidation of labor. As I understand the word "liquidation" it means "to terminate", "to wipe out", "to finish."

My opinion, Senator NORRIS, is that the depression did not begin in October 1929. It began when the order went forth that there must be a liquidation of labor. What occurred after October 1929 was merely a poker game on a grand scale indulged in by a small portion of our population. There was no connection between that unwarranted speculation and the real value of things which are built by human effort. The two things have no more relation than this table and the Potomac River, but when the order went forth, and the execution of the order began, that there must be a liquidation of labor, then the depression began, because then we proceeded to tear down our markets for the things that we made, and how we tore our markets down! We could no longer produce.

Mr. President, that is from no radical school of thought in this country. That statement was given in evidence before the subcommittee holding hearings on the pending bill by Mr. Austin Levy.

Mr. LOGAN. Mr. President, will the Senator yield?

Mr. ROBINSON of Indiana. In just a moment. Mr. Levy is the president of the Stillwater Worsted Mills in Rhode Island and operates mills at 4 locations in Rhode Island, 1 in Connecticut, and 3 in Virginia, and employs in excess of 1,500 persons. The outstanding capital stock of his company is about three and a half million dollars. He favors this bill because he realizes we must do something to increase purchasing power, and to eliminate unemployment, and he thinks this will do the job.

Now I yield to the Senator from Kentucky.

Mr. LOGAN. The Senator has mentioned exactly what I desired to ask him about, and if he is going to discuss it in the course of his address, I shall not ask him to stop now. But I am interested in knowing how the bill would increase purchasing power. What is the machinery that is to be set up under the bill that would insure a continuation of the same wages for shorter hours? What would there be to prevent a reduction of wages in the same proportion in which the hours of labor were reduced?

Mr. ROBINSON of Indiana. Mr. President, of course none of us knows definitely what the result would be, but I can state to the Senator that the evidence before the committee all tended to show that results from such a measure as this would be extremely beneficial; that in all of the various movements of hours downward, when we went from the 12-hour day to the 10-hour day, for instance, the various objections which are used against the pending bill

were used against that procedure. It was stated then that it would not increase purchasing power or contribute to the welfare of those whom it was meant to serve; but when we went from 12 hours to 10, wages not only held their own, they were increased, and there was a greater spread of labor. More people could be employed, hence the purchasing power was much greater.

Again, when the agitation was begun for an even shorter workday, to be reduced from 10 hours to 8 hours, the same old argument was trotted out and dusted off and used by those who opposed the shorter workday. They utilized the very argument that is being brought to bear today against the pending bill. They said it would not increase purchasing power, but would have an opposite tendency. There, again, is the experience. History shows, and the evidence before the committee showed—and if the Senator will read the report of the hearings before the committee he will see that the evidence all tended in that direction—that with the shorter workday more people were employed, wages were not reduced, but, on the contrary, were advanced, so there was greater purchasing power, and the American market continued not only to hold its own but to grow in importance. As the Senator well knows, in normal times we sell vastly more than 90 percent of our entire production to our own people.

Mr. LOGAN. Mr. President, the question has been very well answered, and evidence submitted in support of the answer. But if it is true that wages will not be reduced, and hours of labor will be shortened, then it follows as a matter of course that the general public will have to absorb the increase, does it not, to take care of the increased prices of commodities?

Mr. ROBINSON of Indiana. The general public is composed largely, may I remind the Senator, of the 13,000,000 now unemployed and those who are only partially employed. They will be glad to absorb their proportion of the increase in the cost which may come from the rise in the price of commodities, if they can get jobs. The witness to whom I have referred, Mr. Levy, states with reference to a suit of clothes:

The additional cost in a suit of clothes for a man would be, as I calculate it, \$1.08, a trifling amount, indeed, when all the other factors in this situation are considered.

It would cost the 13,000,000 who are unemployed, if they bought suits of clothes, an average increase of \$1.08. But there will be 6½ million additional people employed who now are walking the streets looking for jobs, who would be glad to pay \$1.08 more for a suit of clothes; and even then, the evidence showed, we would have to add 67 percent, if I remember rightly, to the cost of the suit of clothes to get back to the price in 1929.

Mr. LONG. Mr. President, will the Senator yield to me?

Mr. ROBINSON of Indiana. I yield.

Mr. LONG. The point about it is this: As long as there is a surplus of 13,000,000 unemployed men, they are not in position to demand any wages or any hours; but when we bring about a condition where production does not exceed consumption, then the laboring man will have a chance to barter for his wage, whereas today he has to accept whatever pittance he can get, because there are 13,000,000 men just as idle as he is.

Mr. BLACK. Mr. President, will the Senator yield to me?

Mr. ROBINSON of Indiana. I yield.

Mr. BLACK. The question raised by the Senator from Kentucky is not only interesting but one which vitally enters into the consideration of the bill. I should like to invite his attention, if he has not read it, as well as the attention of other Senators who may be interested, to an article which I had inserted in the RECORD, which appears in the RECORD of March 27, 1933, on page 873, giving the effect of reduced hours.

Mr. LOGAN. I should be glad to read the article.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. ROBINSON of Indiana. I yield.

Mr. NORRIS. I cannot let this opportunity pass in discussing this subject without suggesting to my colleague, the

Senator from Indiana, that the theory—it seems to me a perfectly logical one—is that, instead of an increase in the price to the consumer, it will mean the reverse, even though the wages are increased, because the very necessity of this legislation comes about, as the Senator has so well said, from the improved machinery and the new inventions in all lines of human endeavor. The iron man, the machine, will be able to produce at a less cost than the man of flesh and blood; otherwise he would not be invented and would not be there. So that in the end the total cost of the product, when considered properly in comparison with the man who owns the machine and his income, the consumer ought to be able to get the product at a less price than he gets it for now.

Mr. ROBINSON of Indiana. Precisely, and the Senator from Alabama [Mr. BLACK], the author of the bill, stated in his comment before the committee to at least one witness, I remember, that up to date entirely too large a proportion of the price received for commodities has been going to capital and nowhere near enough to labor. With that statement I agree.

Mr. NORRIS. It has been going to the man who owned the machine.

Mr. ROBINSON of Indiana. Yes. So if a man gets a machine that can do the work of 60 men, he can dismiss 60 men and still have the equivalent of 60 men, and if he desires to do so can put all the earnings of the 60 men into his own pocket.

Mr. NORRIS. It would all be profit. He does not have any wages to pay to the iron man that is doing the work.

Mr. ROBINSON of Indiana. He can use the iron man 24 hours a day, and in many cases does so.

Mr. CLARK. Mr. President—

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). Does the Senator from Indiana yield to the Senator from Missouri?

Mr. ROBINSON of Indiana. Certainly.

Mr. CLARK. Is not one of the greatest troubles that nobody has yet been able to invent a machine that would consume as much as 60 men or buy as much as 60 men?

Mr. ROBINSON of Indiana. I shall not discuss extensively the evidence in the record of the hearings before the committee, but I wish briefly to refer to some portions of it indicating the enormous influence that a very few New York bankers have on industrial conditions in the United States.

Mr. BLACK. Mr. President, will the Senator yield for a suggestion?

Mr. ROBINSON of Indiana. Certainly.

Mr. BLACK. I should like to have the Senator discuss this point. The Senator is, of course, familiar with the fact that the courts have upheld the right of Congress to protect the people from a conspiracy on the part of monopolies throughout the Nation, even though a part of the business is intrastate. The Senator will also remember, and I hope he will comment on it, that there is evidence in the record of a conspiracy on the part of these very New York bankers to hold wages down and hours up, which, under the very cases sustained by the Supreme Court of the United States permitting Congress to legislate against conspiracy, would justify this bill. I am delighted that the Senator is going to discuss that question.

Mr. ROBINSON of Indiana. I am very glad to have the Senator's contribution to the discussion, and especially this phase of it. That evidence is in the record. I think some days ago, if I remember the figures—and the Senator will correct me if I err in any respect—the distinguished Senator from Nebraska [Mr. NORRIS] exhibited a chart here which indicated that the House of Morgan alone, through interlocking directorates, controls or exercises a certain measure of control, over 40 percent of the big business of the country. I do not desire to repeat what he has said much more ably than I could say it myself, but there are one or two features of these interlocking directorates that impressed

me probably as having not been overlooked by the Senator from Nebraska but having a connection to which he probably did not refer at the time when he made his very interesting speech on this subject.

When one looks at the set-up and how practically one man in New York City can pull the strings and control the operation of manufacturers, transportation, banks, and mercantile concerns throughout the country, and then when one reflects on the evidence adduced before this committee of the conspiracy of the big bankers to manufacture and produce these commodities at the lowest possible cost in order to swell their profits, it indicates clearly, it seems to me, Mr. President, that labor has not a chance on earth ever to get a 6-hour day or 5-day week or to escape industrial slavery unless the Congress of the United States functions in their behalf.

I shall discuss only one of these banks, the House of Morgan. I am very glad, I may say, that the Senate Committee on Banking and Currency is going into some of the activities of this concern. I think it ought to have been done long ago before they had obtained their stranglehold on so much of the wealth of the Nation. But it is better late than never, and I hope the committee will go to the bottom of it and expose this machine in all of its ramifications.

I quote from the testimony of Mr. John P. Frey:

In taking up the firm of J. P. Morgan, I have omitted certain corporations in which the partners are concerned. The directory of directors in the city of New York names the following as the Morgan partners: Edward T. Stotesbury, Charles Steele, Thomas W. Lamont, Thomas S. Lamont, Horatio G. Lloyd, Thomas Cochran, Junea S. Morgan, Jr., George Whitney, R. C. Leffingwell, Arthur M. Anderson, William Ewing, Harold Stanley, Junius S. Morgan, Henry S. Morgan, H. P. Davison, Thomas Newall, Edward Hopkinson, Jr., Seamour Parker Gilbert, and Francis D. Bartow.

I did not mention J. P. Morgan, as he is, of course, one of the partners.

The CHAIRMAN. How many are there?

Mr. FREY. Nineteen, I believe.

Now, directly these 19 partners hold 18 directorships in other banks; 21 in miscellaneous corporations, most of them the largest of their kind in America; 12 in insurance companies; 32 in manufacturing corporations; 17 railway companies; and 19 public utilities.

The CHAIRMAN. What I would like to get is a list of the corporations. You have given the number of directorships these partners hold in these various corporations.

Mr. FREY. I have them here. Before that, Senator, I should like to indicate these commercial banks on which the Morgan partners sit, and the directorships which these banks hold in this great variety of corporations, because until that is done the picture does not become clear.

The Morgan partners hold directorships in the following:

Discount Corporation, of New York, which I have not broken down, because it would be a duplication.

First Security Co., of New York, which I have not broken down.

The Fidelity Philadelphia Trust Co., of Philadelphia.

Girard Trust Co., of Philadelphia.

Provident Loan Society, of New York.

But I desire to present this morning as the directorships held by the following 6 banks in which Morgan partners hold 1 or 2 directorships:

The Bank for Savings in the city of New York.

The Bankers Co.

The Bankers Trust Co.

The directors of these last two companies are identical.

The Corn Exchange Bank Trust Co.

The Guaranty Trust Co., of New York.

New York Trust Co.

Possibly these are called Morgan banks because Morgan partners sit on them, and apparently have much to do with their policy.

Taking these banks that I have just named, the six, I find that their directors hold 208 directorships in 104 other banks; 618 directorships in 569 miscellaneous corporations; 178 directorships in 142 insurance companies; 423 directorships in 360 manufacturing corporations; 283 directorships in 234 transportation companies. Those include railway, steamship, and aviation corporations, and 313 directorships in 266 public utilities.

Senator BLACK. Did you give us the total there?

Mr. FREY. Yes. The total is 2,023 of these directorships.

Mr. President, I think that all of us can easily agree that a financial machine such as I have just suggested, with the vast power it wields, is not for the good or the welfare of the American people, and that the sooner the light is thrown upon its various activities the better off the country will be.

I do not desire to add anything further, Mr. President.

Mr. BLACK. Mr. President—

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Alabama?

Mr. ROBINSON of Indiana. I yield to the Senator.

Mr. BLACK. Before the Senator closed, I was hopeful that he would refer to the fact, as bearing upon the constitutional features that I mentioned a few moments ago, that Mr. John P. Frey, who has had long experience with labor, testified that he had always heretofore opposed any method of fixing work regulations by law, but that he had been compelled to reach an opposite conclusion, because the influence of the House of Morgan and of the other banks that he mentioned extended to every business activity in America; that it even included school books, school supplies, milk for the babies, every kind and quality of commodity, and that since these banks control the business activities the various presidents or managers of local companies have no power to fix wages; that, therefore, the laborer was helpless to negotiate with them, and that the conspiracy on their part to hold wages down and hours of labor up made it absolutely imperative for labor, if labor was to get any kind of a square deal, to secure it through the instrumentality of law.

Mr. ROBINSON of Indiana. Precisely, and his conclusion finally was, if I remember the evidence—I have it here, but have not examined it recently as to the particular feature to which the Senator alludes—his final conclusion was that wages for about 40 percent of the industries of the country are finally determined by one man or one small group of men in Wall Street. In other words, that all the various general presidents, vice presidents, executives, and other officials of a vast number of concerns over the country really had no authority of their own to take any executive action without reference to the small group of leaders of the financial machine in New York and it was finally dictated there; that it amounted to a conspiracy which Mr. Frey thought ought to be exposed. He had tried to expose this conspiracy in various ways, but had had no opportunity to do so before, and was glad to give the information to the Senate committee examining this measure. That is about what it was, was it not?

Mr. BLACK. Yes; I thank the Senator.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. ROBINSON of Indiana. I yield.

Mr. SHIPSTEAD. They not only fix the wages of labor for the United States but the same people also fix the wages of capital in the form of interest rates on bonds and mortgages for the industries of the United States.

Mr. ROBINSON of Indiana. Of course, and the share that capital shall have from the consumer.

Mr. SHIPSTEAD. And also the price to the consumer.

Mr. ROBINSON of Indiana. Precisely.

Mr. President, I desire to conclude. I am very much in favor of this measure; I believe it will represent the greatest step forward that thus far has been taken toward relieving the unemployment situation confronting us at the present time. I think it will tend to increase purchasing power tremendously, therefore restore the great American market, and, consequently, bring wealth, happiness, and contentment again to the American people.

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). The question is on the amendment offered by the Senator from Maryland [Mr. TYDINGS].

Mr. WALCOTT obtained the floor.

Mr. McNARY. Mr. President, will the Senator from Connecticut yield to me?

Mr. WALCOTT. Yes.

Mr. McNARY. I promised that I would request a roll call at the conclusion of the remarks of the Senator from Indiana, and I now suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Bailey	Black	Bulkeley
Ashurst	Bankhead	Bone	Bulow
Austin	Barbour	Borah	Byrd
Bachman	Barkley	Brown	Byrnes

Capper	Goldsborough	McGill	Sheppard
Caraway	Gore	McKellar	Shipstead
Carey	Hale	McNary	Smith
Clark	Harrison	Metcalf	Steiner
Connally	Hastings	Murphy	Stephens
Coolidge	Hatfield	Neely	Thomas, Okla.
Costigan	Hayden	Norbeck	Thomas, Utah
Couzens	Johnson	Norris	Townsend
Cutting	Kean	Nye	Trammell
Dickinson	Kendrick	Overton	Tydings
Dieterich	Keyes	Patterson	Vandenberg
Dill	King	Pittman	Van Nuys
Duffy	La Follette	Pope	Wagner
Erickson	Lewis	Reed	Walcott
Fess	Logan	Reynolds	Wheeler
Fletcher	Loneragan	Robinson, Ark.	White
Frazier	Long	Robinson, Ind.	
George	McAdoo	Russell	
Glass	McCarran	Schall	

Mr. LEWIS. I desire to announce that the Senator from New Mexico [Mr. BRATTON] and the Senator from New York [Mr. COPELAND] are necessarily absent.

The PRESIDING OFFICER. Eighty-nine Senators having answered to their names, there is a quorum present. The Senator from Connecticut is entitled to the floor.

Mr. ROBINSON of Indiana. Mr. President, before the Senator from Connecticut starts on his speech, will he permit me to ask a question of the Senator from Alabama [Mr. BLACK]?

Mr. WALCOTT. I will.

Mr. ROBINSON of Indiana. In the Senator's time, since he is good enough to yield to me, I should like to ask the Senator from Alabama if it is true that the President has requested that the hours of labor per week be raised to 36 in this bill instead of 30.

A report has come to me to the effect that the President has called certain Members of the Senate to the White House and insisted on 36 hours instead of 30. I should like to know whether or not that is true, and I think the Senate ought to know.

Mr. BLACK. I may state to the Senator that so far as the President is concerned I have no authority to speak for him, and I would not do so under any circumstances.

Mr. ROBINSON of Indiana. Is an amendment of that kind contemplated to the bill?

Mr. BLACK. No such amendment is contemplated by me.

Mr. ROBINSON of Indiana. Does the Senator know of anybody who expects to offer an amendment to that effect?

Mr. BLACK. I do not. There was a reference made to it yesterday. I was informed a few moments ago by a Senator on the other side of the Chamber that the bill would be more acceptable to many Members of the Senate if it provided for 36 hours.

Mr. ROBINSON of Indiana. But what I should like to know is, would the Senator from Alabama be satisfied with 36 hours instead of 30?

Mr. BLACK. He would not.

Mr. ROBINSON of Indiana. Does the Senator know of anybody on his side of the Chamber who proposes to offer such an amendment?

Mr. BLACK. I do not.

Mr. ROBINSON of Indiana. Does the Senator know whether the leader on his side of the Chamber expects to offer such an amendment?

Mr. BLACK. I do not.

Mr. ROBINSON of Indiana. I thank the Senator from Connecticut.

Mr. WALCOTT. Mr. President, this problem of unemployment has been coming up at more or less regular intervals, and with increasing severity, for the last 50 or 60 years in this country, for the last century and more in Europe. In view of the seriousness of this problem, it seems to me of vital importance that we give the problem close study, not only as to its present application but in an effort to look ahead into the future to see if we cannot in some way or other devise methods to prevent its recurrence in anything like the volume in which it is occurring today.

I therefore started last summer with a young sociologist and had him study at close range the various conditions of unemployment; the causes, so far as possible, and the effects of this unemployment in various communities, including

some of the western States, Kansas and Nebraska; living among the then striking farmers, on the benches in Pittsburgh, on the benches in the parks of New York City, picking up wherever he could direct information at first hand, getting the point of view of the unemployed and, in various localities, unemployment due to various reasons.

The report that has been made for me encompasses some 25 pages. It is too long to read; but a résumé of that report is, I think, very well worth while, and that is what I propose to give today. It has a direct bearing upon the bill that we are now considering. I will print the report in full at the end of my remarks. The report is the work of Richard S. Child, of Connecticut.

I do not want to be considered as favorable to this bill in all its details; but to the principle of fewer working hours per week, I am absolutely favorable. I believe that it is the only solution of this, perhaps our greatest national problem today.

Whatever has been the experience gained during the past 4 years, certainly one fact is outstanding: The Nation cannot risk stepping into the future with the threat of wholesale unemployment still hanging over its head. Immediate issues tend to obscure the problem. Two issues are immediate: First, the providing of adequate relief; second, the putting of men to work. But, granting these two be met, what then? The future still lies ominously ahead, rocking with every insecurity that has engulfed the Nation and the unprotected individual in the past.

The problem that must be faced now, while the public will is still sharpened to the task, is a comprehensive treatment of unemployment that will leave Nation as well as individual secured by at least those fundamental safeguards which are within the power of intelligent handling to offer from unlimited economic richness. No social fabric has the right to expect support from a people which it periodically either plunges into swift and terrible want or presses slowly into fantastic poverty with the imposition of a miserable standard of half living. Unemployment today is not a sign of individual but of collective incompetency.

The problem is far more than immediately to put men to work, whether it be through the adoption of a 30- or 36-hour week or the spending of public funds. The Nation must look into its future as well. The Nation can and must be assured of relief from the burden of charity; the normal and healthy individual must be guarded from the humiliation of facing charity; charity organizations must be for all time relieved of work not within their proper field. And while this means primarily that men must be placed at work, it means also that men must have the assurance of work in the future; more than that, the assurance of an income that will not only grant them and their families a guaranty of at least the essentials of twentieth century American life, but a guaranty that they will not, if temporarily out of a job, drag other workers with them into unemployment because of a consequent loss of purchasing power.

On the safeguarding of these fundamentals depends the future health of the Nation. Once the envy of all European workers, our wage earners must today look to England, to Germany, and to lesser countries, where the misery of unemployment can at least be borne without loss of self-dignity, without the humiliation and suffering of rationed and uncertain charity doles, without the loss of home, without the fear of starvation, with an assured if still inadequate income, and with the assurance that a well-organized system of employment exchanges will bring instant notice of any jobs suited to their peculiar skills.

As a result of the severe financial crisis in 1921, when the unemployed mounted in this country to upward of 4,000,000, a conference was called by the President to discuss the situation, to recommend remedial measures, that America might not again be haunted by the tramp of aimlessly wandering feet. At that time it was written:

When business again declines men will be laid off and the problem of unemployment may again become serious. It will then be too late for any measures except relief for the unemployed unless

we now address ourselves to the task of preventing or at least reducing these extreme fluctuations of business activity. Prevention, as contrasted with relief, is possible only through foresight.

Numbered among the definite recommendations were: The building up of adequate wage reserves to provide insurance against future periods of unemployment; a Nation-wide and interconnected system of employment bureaus forming a labor exchange which might not only furnish information on employment fluctuations continuously and accurately but which might also bring men and jobs together with an efficiency equal to that which brings commodities to buyers on our commercial exchanges; and, coupled with the last, an emphasis on the need for the further collection of fundamental data and a broader, more coherently centralized statistical service. In addition, there were numerous pious suggestions that private enterprise guard against the perils of overexpansion, save building projects for depressed periods, and the like.

Voluntary action was the instrument looked to to accomplish these reforms:

Prevention, as contrasted with relief, is possible only through foresight.

Now, some 12 years later, it might be added:

Accomplishment, as contrasted with discussion, is possible only through action.

What happened?

A succeeding period of prosperity rapidly shook the specter of economic insecurity from the minds of our largest, most thriving industrialists. No one of the reforms so earnestly suggested in 1921 took shape in any effective form. A few outstanding firms did attempt to regularize their employment and production schedules; some set up unemployment reserves; but no general need was felt to give coherence or the authority of centralization to these scattered efforts. Two thirds of 1 percent of our 31,000,000 wage and salaried workers came to be covered by any form of unemployment insurance, whether under individual company, trade-union, or joint-agreement plans. No system of public employment bureaus acting as a Nation-wide exchange was set up, and the remnants of our war-time system fell into decay. There exists today no adequate machinery for ascertaining the extent and degree of unemployment, and the figures given out under the last administration were continually and rightly under suspicion.

Extenuating circumstances may partially justify our neglect of fundamentals during the brief new-era period. Certainly many an individual tragedy of involuntary unemployment during those years was obscured by the unprecedented optimism which swept over employer and employee alike. Certainly the latter aspired to a standard of living that, though guaranteed by no provisions against old age, sickness, or unemployment, was still the envy of other workers the world over. But the extent of the catastrophe today only emphasizes the inadequacy of individual company efforts toward stability, the inadequacy of high wage rates alone to tide the individual worker over even short periods of worklessness. No one man, employer or employee, can stand out against an intensely interdependent industrial environment. It is that environment itself, the Nation, that must give, that can give, an assurance of at least those rock-bottom essentials to healthy living that can alone bring a sense of security to its individual components.

One looks on America today. Actually, there exists nothing to suggest that it had ever before tasted the self-destructive insanity of Nation-wide, all-inclusive unemployment, of terrifying want in the midst of spilling plenty. There is no sign that many a fine word has blown across the face of the land. Emergency relief is still today, after 4 years of emergency, the pressing and unsolved problem, progressive only in its growing futility and intensity.

No social assurance exists that this collective insanity will not reoccur. Voluntary action is not to be depended upon. Action must come from above. It must be direct, all-inclusive, and mandatory. Competition, when it means cutting under the standards of living of which we were

once proud by starvation and the exploitation of human misery, is not a principle to be rigidly adhered to.

If we are to profit at all by this present experience, we must crystallize into definite form the lessons taught by the last 12 years. Words, promises, discussions are not enough. There is a real danger lest business upturn again blind us to the weak spots in our economic system. We must act now during this period of acute self-consciousness. To reform a banking system, to launch loans intended to place men at work, to curtail the hours of labor, to restore agricultural purchasing power—none of these is enough by itself. None affords provision for future security. Now is the time to make lasting those elementary and essential safeguards which more pressing economic circumstances have urged most European nations to adopt in some form, and which in practice have proved not only humane, economically sound, but, in this world of industrial interdependence and intense local specialization, essential for the preservation of that which we prize above all else in our civilization—the integrity of individual self-hood.

Since the past 12 years have served only to emphasize the lessons in elementary economics, little can be looked for in the line of prevention as opposed to relief during the last 4.

May I interpolate here that in this larger report is to be found the quite complete history of the last 4 years; but, inasmuch as it would consume considerable time to give it to you, I refrain from that, and hope that perhaps it may be inserted in the RECORD at some other point.

Yet the last 4 years have expounded eloquent lessons in emergency relief methods, and it is necessary rapidly to sum up this newly acquired sober knowledge.

We have learned that local relief ideals, stemming from the inception of Elizabethan Poor Laws, and first shown inadequate with the dawn of industrialism, have not increased their claims to validity with the increasing interdependence of an industrialized and therefore locally specialized nation; that municipal, county, and State border lines are fictitious map conceptions in a land where Pennsylvania coal drives engines in California as well as in Maine, where Kansas wheat fills bellies in New York and San Francisco, where North Carolina cigarettes are smoked the Nation over and Detroit automobiles are familiar with every highway; where industrial and commercial promoters, boards of directors, armies of individual stockholders, modern absentee landlords, are scattered far from the sources of their wealth; where the corporate system differs from the feudal in that its units are linked by slips of paper and not by geographic area. Yet we have, with high slogan chanting, fled indignantly from phrases such as "Government interference" and "dole" when it came to feeding the Nation's hungry, and have insisted that pauper care for pauper, taxed with local taxes property that earns its ability to pay from local sources, ignored the concentrated pools of intangible wealth gathered from the Nation in corporate profit, and so sought to destroy all wealth by sucking dry its very foundation, low-income consumer's capacity to buy.

We have learned the costliness of economy that insists on the utter pauperization of whole families and countless individuals before they can be considered applicants qualified to receive a haphazard and miserably inadequate dole—that demands that before relief can be given, every salable piece of property, house, furniture, and clothing, the thin savings of a lifetime of struggle, the painfully gathered symbols of social respectability and personal achievement must already have been slowly consumed, bit by bit, in bits of food. Yet we have learned this at the expense of reducing 3,000,000 families to utter dependence on humiliating charity doles; at the expense of seeing 50,000 families more, equally destitute, increasing their numbers daily, denied even charity for lack of funds; at the economic expense of removing more than one third the Nation's population from effective consuming power; at the expense of destroying in innumerable cases not only the mental will to go on trying but the physical ability to do so; at the expense of breeding unemployables, malnutritional diseases, and deformed children to

darken the future; and at the expense of wiping out local educational, hospital, and legitimate charity funds.

I may add here that in the full report, of which this is merely a brief summary, the points which are made here are all elaborated and definite proof given of every statement.

We have learned—or should have learned—that just as all efforts toward the prevention of unemployment must inevitably have been brought to nothing by the means relied upon to realize that end—chaotic voluntary action—so, too, relief measures, relying upon the same tactics, however well intentioned, aimed at nothing beyond stabilizing stagnation, must crumble. Voluntary action on the part of individuals, actual or legal, competing for profit in a world of intense interdependence, must result, where one man, in order to maintain an ever-increasingly precarious economic position, is forced to climb to the level of a more ruthless competitor immediately below him, in the gradual descent of the Nation as a whole toward the level of its lowest dirt. Caught in the fascination of its own nightmare, the Nation has been unwilling to set limits beyond which wholesale pauperization shall not reach and helplessly has watched the boasted standard of American living shrink to a bare subsistence ration amounting hardly to \$200 a year; spellbound, has seen its vaunted business leaders, its manufacturers and financiers, surge downward in dizzy jig, a sweatshop driver piping the tunes of social and industrial chaos.

That seems like an extreme statement, but I am convinced, from the foregoing report, which gives specific illustrations, that that paragraph is in no sense an exaggeration of the position in which we find ourselves today with reference to unemployment.

Mr. BLACK. Mr. President, unfortunately I did not catch what report the Senator referred to.

Mr. WALCOTT. A report I had made for myself by a young sociologist, who started to work on it last August. I explained this at the beginning of my remarks.

To continue, the Nation collectively, expressing its will through government, is alone free to act. Engrossed in admiring the triumphant achievements of this so-called "individual" or that, as he rides borne high on a million shoulders, we have chosen not to search too carefully our collective achievements.

I want to emphasize here the great difference that exists between individualism and collectivism.

Individually we have grown skilled in the raising of fruitful crops, in the rich gathering of vitamin and energy from sun and soil; collectively we dump them when they are oranges into Pacific waves, milk along Wisconsin highways, corn into Iowa stoves, or lock them indiscriminately behind glass windows hungrily to be gazed upon.

Individually we have become skilled in the securing of abundant natural resources from the ground; we have shown great inventive power and have constructed machinery capable of unleashing the stored forces of long-vanished suns; collectively we shiver for lack of coal, walk ragged because we have no clothes, no shoes, and condemn as an orgy of luxuriously wild spending a time when once we aspired to the using of what we had created to be used.

Individually we have set up many magnificent buildings, many decently livable houses, and have advanced far in the science of hygienic living; collectively we sleep in kennels built of refuse, shrink for shelter like cats in doorways, grow white and sickly in the darkness and dank filth of slums.

Individually we have made marked progress in our knowledge of bodily requirements for physical and mental health, of the causes, cures, and prevention of many diseases; collectively we press one half our population into the weakness and mental apathy of semistarvation, study food rations that to the fraction of a penny will keep adult bodies only from too speedy a deterioration and no more, set about destroying the bodies of a generation to come, and breed with increasing rapidity every form of terrible malnutritional disease formerly associated only with the destructiveness of war, flood, earthquake, or natural famine.

This is all true today in certain sections of this country and among certain people, particularly in the larger cities.

Individually we have set up high standards for labor—clean factories; high wages; short hours; regular employment; old age, sickness, and unemployment insurance funds; collectively, wielding the club of mass starvation for bargaining power, we use labor to the point of physical exhaustion, slash wages to a cruel subsistence level, call the chaotic protestations of gnawing bellies and outraged dignity "radicalism", and in the name of liberty and the revolutionary tradition of our fathers attack it with machine guns, night-sticks, and gas bombs.

All of those are individual incidents of this terrible burden of unemployment which rests on this country today; not frequent, of course, but here and there, and all shown clearly and referred to as facts in the report that has been made.

Individually we sing praises to the nobility of work, to the rights of citizenship, to the sanctity of private property, to the beauties of family life, exalt the dignity of individual man; collectively we deny opportunity to work, deprive millions of their right to share in a national welfare to which they had contributed, steal away property, smash up families, and mock individual dignity with the haunting humiliation of charity rations.

All forced upon us, of course, as the result of this unemployment we are now facing.

Individually we make much of economy and thrift; collectively we indulge in an orgy of waste beyond the limits of imagination. We first spend billions of dollars in the erection of magnificent machinery, buildings, and transportation equipment; next we take millions of dollars from consuming capacity so that what we had built cannot effectively be used, and proceed to build still more; finally, when nothing is being used, we squeeze millions of dollars into niggardly charity relief—just enough to insure that nothing that was so expansively built can be used. After an intoxicating jab of economy our drunken collective wisdom squanders away daily untold millions of dollars, rolling into billions with the years, needlessly to pay for idle machinery, empty buildings, wasted human energy, and the darkness of a terrible future.

Individually we have not hesitated to attack and to subdue the laws laid down by nature, to adapt them to our practical needs; collectively we stand helpless before laws insisted upon by the mental sluggishness of some few men, while our efforts to readapt them to practical need are phonographically called "impractical", "emotional", "unsound."

So, in the year of our Lord 1933, in the year of our progress 157, individually we stand—collectively we reel.

However desperately urgent the problem of relief may still be, the essential question is to relieve relief. Relief itself is cracking down. At best it had no aim beyond the alleviation of present distress.

Prevention of unemployment must be conceived of as the providing of security against the consequences, social, economic, as well as individual, of unemployment. Unemployment in itself cannot be prevented. The consequences of unemployment can be prevented. The problem is not to prevent unemployment; it is to reabsorb the unemployed. It would be just as fantastic to insist that men no longer needed remain in industry as it would be to insist on the continued use of obsolescent machinery. The problem is not to regularize the production of each factory; it is to re-channel and keep fluid the stagnant masses of the intermittently employed, thus forcing a maximum of regularization on factories while a maximum of efficiency in a distribution of labor energy is being exercised.

We live in a profit economy. Factories are lured into action only when claims to wealth are in the hands of purchasers. Active factories turn claims to wealth as well as goods over to purchasers. Men can only be fully employed as long as claims to wealth remain in their hands. The activity, wealth, and health of the Nation is thus in a sense self-generated; so, too, is the stagnation, poverty, and

sickness of the Nation. The burden of charity but increases stagnation, industrial as well as human. Charity must be limited to its proper field.

Provisions for the maintaining of adequate purchasing power are the keys to the prevention of the social, economic, and individual consequences of unemployment. This calls for collective action expressed through legislation passed and enforced by central government. Unless so expressed as the collective will, the achievements of individuals cannot be preserved. Constitutions and laws are but the expressions of individual achievements and aspirations in terms of the collective will. No steps have as yet been taken to preserve standards aspired to by American industry. Voluntary action is today bound hand and foot. Even if it meant well, it could not be looked to for effective action today.

National and individual security is the goal. Steps toward that goal must be determined both in the light of immediate necessity and eventual efficacy.

The first move to be taken is the mandatory establishment of the 30- or 36-hour week in industry. Its effect will be most immediate. It requires no setting up of elaborate machinery to control it. It enjoys the hearty backing of organized labor, farmer organizations, and far-sighted manufacturers the country over. It automatically releases purchasing power without the launching of Government bonds and delay of increased taxation. It automatically provides men with vital work without the delay involved in launching a public-works program. It is an important step toward regularization of employment. Most important of all at the moment, it will put an end to the gradual self-destructive sag now reducing industries to bankruptcy the country over; the insane chaos bred in the competitive struggle to snatch the hand-to-mouth orders of hesitant jobbers and retailers, resulting in longer and longer hours of driven labor for fewer and fewer men at lower and lower wages. With a falling price level and a steadily decreasing demand for goods no manufacturer dares manufacture to stock. The effect of increased employment and a new release of purchasing power will be twofold: It will mean the employment of more men still to meet the new effective demand, a bolstering of the price level in response to new orders. These in turn mean a loosening of stagnant credit as well as the opportunity for industry to restabilize itself with a return to manufacturing to stock. There is at present a great shortage of commodities in the country. Though imperfect in its rigidity, the 36-hour week is an entering wedge toward the establishment of the concept essential for the maintenance of a steady flow of purchasing power—hours of labor, not men, must in general fluctuate in accordance with new technique, with temporary slackening of demand. No rise in the price level, so badly needed at the moment, the objective of all inflationary measures, can be sound save as it grows upon the solid foundations of an expanding purchasing power.

The second move, and it is placed second only because it cannot as immediately be launched, is the projection of an intelligently planned public-works campaign. National credit must be mobilized to perform what private credit at the moment cannot—it must be mobilized toward joining together our vast natural, industrial, and human resources in the re-creating of national wealth. A multitude of projects, all of them socially necessary, lie in readiness in every State in the Union. Many of them, having been held up during the depression, have thus played their part in deepening the depression. No prosperity has ever visited this country when building was not involved—whether it was the private building of railways or automobiles or the Government building of war-time munitions and supplies. Now mockingly in self-defeat we pray for war, yet it is within our instant grasp to re-create war-time conditions. Our Liberty and Victory Loans need only be directed toward social reconstruction rather than destruction of enemies. Building projects should, too, as in war, be non-self-liquidating. The object is not further to burden the consumer but to enable him to drain off the present supply of our productive capac-

ity. Loans as in the case of war loans, will be repaid during the period of returned prosperity in industrial activity.

There is talk of the need for a redistribution of wealth. There has never been a period of prosperity without redistribution of wealth. Each investment in new productive enterprise, insofar as it is paid out in wages, transportation, and materials, is in effect a redistribution of wealth. We fall down only when these new enterprises in turn become productive and wealth has not been correspondingly redistributed to pay for the increase in goods produced. Therefore, it is now essential for the Government to act as redistributing agency in the construction of social goods that do not have to be paid for by consumers—non-self-liquidating projects—in order that private redistributing agencies, the Nation's business world, may continue profitably to find outlet in their customary industrial, commercial, and agricultural self-liquidating projects.

It is estimated by experts that 80 percent of money expended in public works, covering such socially needed projects as slum destruction, construction of highways, parks, and bridges, flood control and reforestation, goes into labor, either directly to those locally employed or to those engaged in fabrication and transportation of materials. Sectional interests are actually not affected: 75 percent of the money spent on the new San Francisco bridge went to labor east of the Mississippi.

A public-works campaign will attack directly the largest pools of stagnant labor. Unemployment is heaviest in the production of raw materials, manufacture of capital equipment, and the building trades. Its ramifications extend to farmers and railroad employees. In no other way can private credit so effectively be unfrozen. While charity expenditures are only a burden, large expenditures on public works are essential primers of the industrial pump.

So much for the immediate putting of men to work.

The next move is the most fundamental of all contemplated attacks on unemployment. It is the prerequisite to any adequate and mature handling of the problem. It is immediately needed to bring knowledge to our present handling of the situation as well to lend intelligence to steps of the future. An interlocking Nation-wide chain of public employment agencies as provided for under the Wagner bill must be set up. It will automatically supply authoritative information from all corners of the country. It will be invaluable as clearing houses for local labor supplies. It will play an essential part in the vast work of redistributing and reeducating labor as yet to come. It affords the only practical means through which the right man will come to the right job. It is a service to both employer and employee. It is the only logical answer to the constant fluctuation of labor that comes as a consequence of dynamic change in industrial and business method. Its absence to date has been a missing cog in our economic system, and has allowed the placement of jobless men to fall into the cunning profit-grubbing hands of the private agencies.

The full report is the most shocking thing I have ever read on this particular subject. The grafting of employment agencies in our large cities is unbelievable until it has been investigated at first hand.

While primarily of impersonal economic importance, its social value is equally great. As recent experiments have demonstrated, the fact that a man out of a job can carry his problem to persons trained in handling it, able to discuss it intelligently with him, eager to secure him a new position—the fact that that man is not ignored, that he is given to feel that society is still eager to receive his contribution—is of immeasurable importance in preserving that man's sense of dignity and morale. In no other way can industrial society demonstrate that the individual, his skill and personal ability, is worth preserving. It is the only possible answer to long, discouraging, energy-sapping, savings-draining, haphazard months of hopeless job-hunting. A nation of scarecrow transients cannot long afford to be without such service.

The three experimental public employment services at present being carried on in Philadelphia, Rochester, and Minneapolis demonstrate what skilled efficiency may be expected to accomplish in this line. Their experience furthermore cries out for the immediate extension of this service to all corners of the Nation. That it must be under non-political administration is a foregone conclusion. Political hacks have done enough to damn such efforts in the past. In the future it can also be expected to play an essential part in the local adjustment of hours of labor to existent demand, in the recruiting and reeducating of fit men to increasingly important service positions. The industrial future of the Nation is linked with its establishment. And last but not least it is a prerequisite to the setting up of the fourth step toward protection against the consequences of unemployment:

Unemployment insurance. This, too, must be Nation-wide and mandatory. Individual efforts have only demonstrated their incapacity for action. Nor is it entirely fair to look to private enterprise for this safeguarding of the Nation's essential purchasing power. In a land where industry is dependent upon industry individual unemployment-insurance schemes would inevitably break down just as have local relief efforts. Only by industry as a whole can the slight burden fairly be borne. Depression does not rest with equal weight on all industries. Unemployment insurance is as essential a step toward security from the economic as from the individual point of view. Only through such insurance can the Nation be assured of a constant cushion of buying power for its essential consumer's goods; only so can the farmer and the local community retail store be saved from the vagaries of chaotic industry, can landlords, and so property values, be preserved against the disaster of unchecked deflation and its ramifications. Only through unemployment-insurance benefits can the individual know security or an approach toward security in his own life; can he dare lay plans for the future; can he feel that to do efficient work is not to cut his own economic throat; can he receive even a slight share of the wealth he aided in creating; can he and his family, his children, be guaranteed at least the right to healthy food and adequate clothing; and, most important of all in a land where human dignity is still talked of as an asset, can the individual preserve his own sense of independence and be relieved of the humiliating threat of charity, be preserved from its haunting psychological effects. Daily bodily needs do not fluctuate in strict accordance with the peaks and valleys of industrial production. Charity must be freed from paying industry's wages.

But employment agencies must first be established. The Nation must be assured that its insured jobless are pressing jobward. Local bureaus will be at once the logical centers of benefit distribution as well as in position to provide an automatic check on the applicant's sincerity in his demand for work. The acceptance or nonacceptance, within reasonable limits, of a job offered will determine whether or not one may qualify for the payment of benefits. Linked so with employment bureaus, all stock arguments against the payment of unemployment insurance are smashed.

America has lagged behind the rest of the world in its collective efficiency. Environmental circumstances have played a large part in postponing the day when she must face herself as a mature and interdependent social unit. She must now act to preserve what her individuals have accomplished. Competition is insane when it can only destroy what has laboriously been constructed. European initiative has demonstrated over a period of years the several pitfalls and advantages in the methods of administering social insurance. American inventiveness and boasted native efficiency will find no difficulties in perfecting much of this experimental machinery. The essential necessity of such machinery is no longer in doubt.

But it is no longer a question of discussion. Action alone can now be effective. And now, while the stage is set, the moment for action has arrived.

The report referred to is here printed in full as follows:

INTRODUCTION

There is nothing either socially devastating or personally degrading in the mere fact of unemployment. More and more and more unemployment is actually the goal, the end of industrialism. It is because continued employment is made the sole means through which a man may qualify himself to the right to live, to keep a home, to nourish and to educate his children, that any break in employment is both socially devastating and personally degrading.

Continuous employment is, however, impossible. The roots of unemployment lie deep in our industrial civilization. They are intimately linked with the soil of capitalism. It is the consequence of unemployment, social as well as personal, that can be easily and effectively provided for.

A myriad of causes may shut down a factory. But while it is idle it remains intact. Homes built about it, however, are ruthlessly destroyed; property values vanish; personal belongings are lost; food is snatched from hungry mouths; families are broken up; lives are made chaotic; human values are hastily thrust below those realized by spinning wheels. Fire is less destructive than this. To keep wheels spinning is made the implicit end of life; should wheels once cease spinning, then life itself may be discarded; so affirms our civilization.

No one charges that the sturdy self-reliance of the landlord or property holder is undermined because he has taken out fire insurance; that the municipality is unduly paternalistic because it not only demands fireproof construction but also insists on sending fire-fighting apparatus to combat fire should it break out. Yet, when the country is laid waste by unemployment, those living in asbestos houses cry "dole" and seek to defeat organized preventative measures; they pluck forth the weary ghosts of 1776 with their bucket brigade social ideas to combat the social fires of 1933.

While the economic consequences of unprotected unemployment, because of its destruction of purchasing power and so of the productive wealth of the country, cannot be exaggerated; while economic instability can only be magnified as long as the vicious spiral generated by unemployment continues unchecked to precipitate business into the stagnant gulfs of depression; while the first steps of eventual recovery must come through a restoration of purchasing power; and while economic stability in the future must be looked for in the assurance of a constant cushion of reserve funds sufficient to meet the normal daily expenditures of a man while he is temporarily unconnected with a job—yet, it is unnecessarily to distort the picture to neglect the obligations of society. They are obligations which may justly be called moral. Society must provide security to those who have nothing beyond their bodies, their native physical wealth and mental ingenuity, to invest in the productive enterprises that enable society at large to exist and to divert its energies in other directions.

We have long emphasized the virtues of civic liberty. The habit grew when economic liberty could be taken for granted. The destruction of the latter, however, ruthlessly involves destruction of the former. Paeans sung to political liberty will forever remain anachronistic chantings while economic security remains unrestored.

If profits can be socially justified as the reward of business risk, then the least reward society can offer to those who bear the real physical burden of this risk today is security; the guaranty that that which has been gathered together during a lifetime of work, the mark of social respectability, shall not, together with health and hope, be swept away. Only in the face of such an assurance can the pipings of progress reveal more than hypocrisy blatant, can they show more than a stubbornly blind refusal to face the full implications of modern industrial interdependence.

This Nation will not have reached industrial maturity until the day on which it recognizes, accepts, and provides for the common risks of industry.

I

BACK DROP

A. THREE BROTHERS AND AN AMOEBA: FLOW AND OUTLETS

The amoeba is an interesting animal. Examined it reveals a ceaseless flow of constant activity. Pseudopodia, while influenced by external stimulants, are inherently directionless, illogical; slipping down the path of least resistance, they are quickened by self-generating forces within the organism itself toward the quest for food. Placed in a sympathetic environment the amoeba is unquestionably healthy, active, and urged on by the gusto of its own greed. Placed in a dilemma, in an inclosure from which there is no escape, no outlet for its abundant flow, no space to absorb the elimination of its waste material, it rapidly consumes itself and dies. Without the power of rationalization, or means to act upon it were it given it, the amoeba's fate is certain. The amoeba's well-being is dependent upon a number of given circumstances in its environment. Without restoration of these circumstances, without adequate substitutions, the amoeba must die.

For a century and more a guardian angel has kept watch over the growth and development of the world amoeba, capitalism. Gold it must have to eat and room to expand. Save in its multitudinous producing units it is not the result of any conscious design on the part of those who have lived and are living under its so called system. In America a series of fortuitous accidents, of favorable circumstances conducive to growth, have, throughout its entire history, enabled its expansion, its sprawling over first an empty continent and then over parts of a still wanting world,

without having considered once the purpose or end toward which this expression of ceaseless turmoil, of frantic activity, might conceivably be directed. Only in each of its producing units is the answer to be found: the quest for profit, gold food.

Twice has the discovery of new gold thrust the ebb-tide of falling world prices into a stimulating springtide and enabled a relatively constipated credit structure to gush forth into new expansion. California gold in 1849 brought to an end a 25-year period of sagging prices, and, joined with a chain of fortunate warfare, thrust capitalistic development to a new high peak that did not sag until after the Franco-Prussian War had stilled a rush of new orders in the early seventies. African and Alaskan gold, a cheap extraction process, supplied the necessary lubrication to the world imperialist expansion and industrial activity of pre-war years, when from two thirds to three fourths of all gold ever mined assured men that crops could still be grown and the investigations of science utilized. The World War provided America for a time with an intoxicatingly hopeful new area of market absorption, besides eliminating large quantities of the waste materials of the amoebic world, the unemployed. Now all eyes are raised hopefully to Heaven and to India, where reports of untouched gold are stirring.

While over the period at large circumstance seems to have molded itself with rare concern for the welfare of the amoeba, periodic pressures have occurred. Often the new vacuum or gap, determining the next area of expansion, was not immediately apparent. And where a vacuum has not naturally existed, or where one has not been created by warfare, or earthquake, or invention opening up new want, capitalism has periodically been given to creating its own by self-starvation methods called "sabotage", "crop destruction", and "restriction of production." Then booming it has flowed in to fill the gap. It has not yet been forced to carry self-starvation to its logical conclusion. Circumstance has been prolific in its distribution of gaps.

Where, today, is the new gap?

A brief consideration of the nature of old gaps and of the growth of the organism as it leaped to fill them would lend much perspective to any viewing of the problem as it exists today. The old way out by self-starvation just is not working. Circumstance is not always dependable.*

James Watt Prometheus had no vision of an age of power-driven machinery. It happened that by the time the steam pump first made itself useful removing water from flooded coal mines, the English middle class had fashioned an effective factory system of its own. The enclosure movement, beginning with the growing importance of the woolen industry and carrying through the scientific development of agricultural production, had succeeded in furnishing the necessary number of men dispossessed from ownership either of land or of their own tools of production. Cotton spinning had grown to outrank in importance England's earlier discovery of the golden fleece. Division and therefore specialization of labor was fully recognized. Standardization had been introduced. And these are the only requirements for the application of power to machinery. Calvin's burgher god was being increasingly glorified by the new and practical demonstration of divine efficiency that his individualist devotees were earnestly working out on earth. But the relation of machines to man cannot be understood fully without introduction to the battling brothers born of world labor during the Reformation upheaval. Without this introduction one is apt to consider the machine a tool and be puzzled by the so-called "paradox of plenty."

All three of these brothers were fighters. They were born underdogs. They made their way to the top. History through the end of the eighteenth century is largely concerned with their struggle to power in the western world; through the nineteenth century to today with their struggle, often a bickering one,

* "In the first place, it can be shown that the great European wars have begun the upward course of the long-wave movements and that the downward movement has set in after the end of each respective war. This statement applies equally (a) to the Napoleonic wars; (b) to the period of the Crimean War, the American Civil War, the Austro-Prussian and the Franco-Prussian Wars; and (c) to the period of time covering the Spanish-American War, the Boer War, the Russo-Japanese War, the Balkan War, and the World War * * *. The extremely rapid increase in the production of precious metals from the nineties, in conjunction with the immense expansion of the credit system, is held to have been responsible for the rise in prices during recent decades * * *. The establishment of these interconnections must satisfy us for the moment * * *." (Ernst Wagemann, *Economic Rhythm*.)

* The feeling that I had been too overflap in this passage worried me. But Mr. Charles M. Schwab on his 71st birthday assures me I had not: "Something will come along to give us a new impetus, some new development that is unseen. I have never lost the feeling that things ultimately will be all right. The United States must go bounding on and on. The great corporate development that began around 1900 brought us out of the depression of 1893, and then came Edison with his electrical devices, and then radio. And so, too, something will come along to give us new impetus. We usually find that something like that takes the nations out of the rut. If I could say what it is, it would not be a new development, would it?" (New York Times, Sunday Feb. 19, 1933.) In the meantime he urges higher tariffs and lower taxes to feed emptier bellies.

to domination over the world and, increasingly in recent years, with their efforts to maintain it, once obtained, against a self-generated opposition. One brother was religiously inclined: his name was Protestantism, a moody sober fellow, now mildly methodistic, now sternly puritan. Supporting and supported by his brothers, his most important weapon was the use of words. He attended assiduously to giving to the dispossessed on earth possessions in heaven, besides constantly holding the torch of moral salvation before his brothers' clutching hands, a torch that both lighted and burned their way during their upward climb. The second brother was more politically inclined, and his name was Democracy. While his weapon too was in a sense the use of inflaming words, he was not unwilling on occasion, both on his brothers' account and on his own, to take to arms. Twice he ran wild—once in 1776; once in 1789. And by steady plugging he has managed, more particularly in the interests of his third brother, to reshape the face of England. This third brother, with whom we are particularly concerned, was economically inclined. He was the hardest worker of the family, and was christened *Laissez Faire*. Without eloquence and without delight in the use of arms he accomplished much at first by virtue of a plugging zest for work and a gift for effective organization that even then somewhat belied his apparently solitary nature. But on the whole he preferred to keep to himself, worked hard, and relied on the strength of his brothers who found it to their material advantage to wield their weapons in his behalf. It was during these early days that a man named Adam Smith met him and became so fired with his sturdy qualities, ambition, and devotion to his brothers that he wrote a biography that has come down as a standard reference book to this day. He neglected, however, to entitle it "Boyhood Years", and much confusion has since resulted owing to efforts made to explain the mature man in terms of the solitary boy, interested in toy mechanics, sailing ships, farms, and other forms of tangible property, whose story is contained in the *Wealth of Nations*. For shortly after the appearance of this volume there came into the hands of the lad the weapon with which he finally succeeded in conquering the earth. Power-driven machinery was the weapon he wielded, and weapon it has remained to this day. The changes that this new means to power wrought in the character of Adam Smith's hero as he matured we need not here go into. Suffice it to say success went to his head. He became increasingly gregarious, and, amazed at his own swift rise, fell into the habit of exploiting the myth of his boyhood days, attributing success to his own virtues without reference either to the enormous sources of wealth he gratuitously tapped from the bowels of the earth or to the countless army, constantly increasing, of wage-slaves which ruthlessly he drove with the lash of economic want. Increasingly he grew in self-reliance and might, until finally taking to himself the weapons and strength of his brothers which had so ably cleared his early path, his brothers dwindled and became mere ghosts roaming a rootless earth. For the dispossessed, however, he continued to find possessions in heaven, and arms he incorporated as a supplementary part of his own mighty weapon, the machine. His greatest enemies therefore are those who now say man's treasure is stored here on earth, and who would deprive him of his weapon and make it what it might well be, a tool.

However one wishes to put it, the fact remains that toward the end of the eighteenth century steam power and an elementary factory system joined hands. By the end of the Napoleonic wars steam-driven machinery was ready to show what it could do.

Inasmuch as Napoleon had been considerate enough to wreck a continent, England was blessed with a generation's start in the scramble as yet to come. Humbly, England became the workshop of the world, humbly and with one modest eye kept at first on the secrets of her new equipment to see they did not escape. Secrecy did not last long. But that did not seem to matter. Urgently, excitedly, irresponsibly, her goods, trinkets, and even machinery that would one day destroy her, flowed out over the world, itching for markets. Amongst the first shipment of goods to be unloaded in Brazil, in 1824, they lay strewn on the beach—for overcrowded warehouses could not contain them all—were articles glittering strangely under a tropic sun: ice skates, warming pans, and stoves. But in the happy-go-lucky days, before ungentlemanly and unfairly scientific Germans tried actually to find out what people wanted in various lands and to sell it to them, no real problems presented themselves.

But the germ of every problem we have come to know as a hulking giant today was contained in this early free-running capitalism. Production alone then needed to be considered. Pressure generated within was reabsorbed, waste materials easily eliminated; the amoeba was in his bouncing healthy days. An exhilaratingly elusive expansion of market circumference, coupled with the creation of new industries and rapid growth of old ones, provided for the absorption of new labor, for men torn from old crafts and self-dependence by the undermining of new techniques, for a rapid swallowing of the dispossessed: this was the first sweetly subtle fruit of the new freedom: the right to a certain surplus of factory goods was now transferred to the owner of tools, rather than that of farm goods to the owner of land. The problem of how this surplus might one day be resold, since it could not be consumed by the tool owner, when the claims to wealth of society at large consisted of wages and salaries, did not press. And the existence of fresh geographic

areas played an increasingly important part, not only for capital, but for human overflow. As an industry approaches an increasingly inelastic demand, as it draws near its so-called "saturation point", and, if it continues to improve technically from within, there are three and only three ways of absorbing the man-hours of labor contained in it (price reduction may temporarily relieve the pressure through market expansion, but this cannot go on indefinitely): (1) Man-hours may be withdrawn by a shortening of the hours of labor in accordance with increased productivity per man-hour; (2) the surplus of man-hours may be reabsorbed into an expanding demand created by new industries or into distribution services; goods cannot find their own way about the world; (3) man-hours may walk away on their own two feet into new geographic regions; emigration.

A stimulating environment served constantly to relieve young capitalism from facing either the problem of stagnant capital or of stagnant men. These young giants lay reasonably at peace within their mother's womb. Toward midcentury, however, a German Jew living in England did notice a swelling of the capitalist belly, which at the time was taken for fat by cheering economists.

Emigration for almost a century was a safety valve for the army of surplus labor and rootless men: However great the expansion, industry must involve a certain degree of fluctuating unemployment. Old skills are made worthless. Industries decay. In cyclical depression the workers are spun from the economic wheel helpless but for their two bare hands. Temporary lay-offs are a constant threat at the flow of daily bread; market demand is really known only when buying ceases; up to that point it is assumed to be limitless. Small businesses and trades are increasingly weeded out; the very struggle against being forced into the ranks of the dispossessed makes for combination, and the weeding out of those who fight for independence into dependence. So while chronic unemployment did not make its pressure felt for many years, hordes of men knew in their own lives the horrors of industrial unemployment before it was recognized by economic physicians as a definite malady. An increasing demand for new labor furthermore is in itself no cure for this unemployment, for demand is in itself qualified by specialization. Therefore emigration meant far more than a mere safety valve for a system, it was new life for those who undertook it.

When *Micawber* leaves England for Australia the reader is led by Dickens to believe: Now all is well; a new land can and will support his mighty tread. The problem is solved.

By 1850, emigration funds were established means of protection set up by many of the British craft unions. The Flint glassmakers, for example, supplying £20 a person, sent their unemployed to Australia. And it was a sound investment. For the concentrated mass of idle labor constituted an ever-present threat to those still employed as long as it remained in the region. It gave new strength to the bargaining power of the owners, was a weapon placed in their hands for keeping wages depressed. It meant that heaven for the employer, the easy labor market. And so emigration meant not only self-respect, hope, and the chance at gaining a foothold on life for the footless, but it meant also a better standard of living for those who remained. In short, while the opportunity for emigration remained, life flickered on the worker's horizon.

Between 1876 and 1906 it is estimated by Sir William Beveridge,³ that upwards of 4,000,000 workers left England for Canada and Australia. A study conducted by the national bureau of economic research, *Migration and Business Cycles*, reveals that emigration from England to this country increased regularly as unemployment figures climbed at home. The Unemployed Workman's Act of 1905 recognized emigration officially as a move that necessity would force the State to encourage.

I have remained in England this long for a particular reason: The nature of its haphazard industrial expansion parallels that of America so closely in essential respects that it affords a continually convenient background.

There is but one radical difference. English labor in its own defense early became vocal. A sense of solidarity was generated that never was paralleled in America. Today the British social insurance system is an expression of a labor movement driven to self-consciousness. In America the labor movement constantly was broken down, not only by geographic expanses, but by savage interclass conflict, and by the long-continued importation of gangs of cheap labor from Central Europe. This latter move on the part of industrialists served particularly as a club to beat down any organized system of collective bargaining. Bargaining grounds simply were swept out from under the feet of bargainers. The consequent weakness and chaos of the American labor movement, the gullibility of its accepted spokesmen, is a root cause of the unprecedented disaster into which the country is plunged today. In comparing England and America, then, this must be borne in mind.

As the world was to English industrialism, so was the frontier, 3,000 miles deep, to American; it, too, represented opportunity ever lingering on the horizon, ever beckoning; it, too, seemed indefinitely to postpone the day of problem-facing. As English industrialism set out neither to settle nor to civilize the world, save insofar as peaceful conditions would foster its business interests, so American industrialism set out neither to settle nor make civil-

³ Unemployment, a Problem of Industry, published 1909.

lized a continent, but to guzzle off it. As the myth of the "white man's burden" molded itself to make spiritual a fundamentally practical and self-seeking job, so the myth of the "Pioneer Spirit", embrowned in the visionary stare of an ever-onward-stepping pioneer woman, carried the self-gorging manipulators of industry in mental covered wagons toward manifest destiny; its magic wand transformed in their own eyes the merchants, bankers, land speculators, and industrialists that spewed across the countryside for plunder into the actual pioneers, hunters, and settlers that had sought escape, freedom, and adventure from growing pressure behind. And, finally, as the world market, narrowing, produced its own ships and those staples it had once bought from England, so, too, the last frontier was reached, the last free homestead land opened, and a mass of self-made men were left in England and in America, some still seeing the limitless markets of the world before them and centuries of free-trade paradise, some still seeing ever-new frontier lands open to expansion, open, too, for the free feet of self-dependent men, and a continent still to be subdued and built.

B. DON QUIXOTE

The problem of unemployment, the direct offspring of industrialization, cannot today be effectively met until it is clear what psychological as well as material debris must be cleared away. That is my one excuse for such an apparently indirect approach to the subject. That it is justified will be made clear.

Cervantes made great sport of a man who felt himself living in an age that had long since passed from reality. So intensely did Don Quixote live his dream that even the most common features of objective reality were distorted to accommodate his subjective pattern. To meet a Don Quixote is a commonplace of everyday life. He presents at once a mixed problem. In private life he is harmless and somewhat touching. His bewildered assertiveness is at once tragic and amusing. But when the assertions of a Don Quixote, owing to the chance authority of public office, have power to influence the thought and action of men at large, then, however unintentionally, they become a dangerously malignant force in society.

Someone has said: "It requires a peculiar penetration to discover what in all discussions we are unconsciously taking for granted."

For a moment let us consider the following words in the light of the America of 1931 when they were uttered: "There has been a constant gain in knowledge and education; there has been continuous advance in science and invention; there has been a distinct gain in public health. I am opposed to any direct or indirect Government dole. The breakdown and increased unemployment in Europe are due in part to such practices. Our people are providing against distress from unemployment in true American fashion* by a magnificent response to public appeal and by action of the local governments. If the individual surrenders his own initiative and responsibilities, he is surrendering his own freedom and his own liberty."

Nothing would be gained if it were merely a question of juggling with the words of one man. President Hoover has passed into the limbo of forgotten men." Former President Hoover's conception of a government to which the people pay taxes and owe allegiance, but which has no direct responsibility to them, even when they are starving, is not only repugnant to true Americanism but has been repudiated by every enlightened country in the world, as well as by our own electorate in the fall of 1932." But there happen still to be a great many, in positions of power, who have applauded just such ideas as are voiced above by the ex-President, and who would fight to enforce a preservation of the dreamland from which they spring: a land swarming with ghostly covered wagons * * * whither bound?

What sort of world does the first sentence, for example, take for granted? It is a benevolently together-working world where the means by which potential wealth is realized plays no part; science and invention have bounded forward tremendously; machinery can produce more than it could 20 years ago; the per-acre productivity of fields has increased; but no one of these things

* True American fashion: "Outside the meal depot * * * I collected my thoughts. I collected them into an image of a Braddock family treading the American way through the depression. Groceries from the company. Rent from the Family Welfare Association. Milk for the baby from the Milk and Ice Association. Milk for the school-age children from the schools. Shoes for some of them from the Family Welfare Association. Shoes for others of them from the directors of the poor. The sick ones among them tended by a visiting nurse from the Braddock health center. Coal from the directors of the poor. Occasional meals for the oldest boy from the Salvation Army. Cough medicines by the corner pharmacy. Some clothes from the Family Welfare Association. Other clothes from a church guild. Mother and a new baby at the Braddock General Hospital. Father getting a loan from the company * * *"

"Who said the dole? The thing is doles.

"But suppose—suppose that a money alternative for all of these alternatives were paid in a lump sum once a month by a collaboration of industry and of government.

"Ah! Cannot you hear the chant of patterned patter?" Ingots and Doles, by William Hard (the Survey, Feb. 1, 1932.)

in a profit economy means wealth in itself—rather the opposite of wealth. It ignores the world of the sagging price level in which each owner in fierce panic strikes desperately out for himself and strikes others down in so doing; it ignores the world of unemployment, of wage and salary cuts, of temporary lay-offs, job-staggering, part-time work, decreased income of farmers, the world of savage self-interest and destruction at last of physical wealth itself for the sake of money wealth. It ignores, in other words, the chief conflict of today; whether or not fecundity of soil and fertility of scientific invention expressed in the tangible reality of abundance must be forever nullified by the wholly intangible mental realities of the financial structure. It is physical starvation versus imaginary wealth. In addition the naive optimism expressed over the apparent condition of public health betrays an ignorance which it is unnecessary at the moment to go into, but which, coming from assumedly responsible lips, is dangerously misleading. Competent physicians are better spokesmen here.

Sentence number two suggests the nonexistence of an interdependent industrial world. It deliberately distorts the picture of mature European social realization of unemployment as a phenomenon of industry and seeks to forestall the planning of an American attack, aware of European shortcomings, on the same subject. It neglects the very obvious economic advantages of unemployment benefits in a world where wholesale joblessness means the collapse of consumer purchasing power, and with it the collapse of independent retail dealers, grocers, bakers, druggists, and, in cumulative community collapse, that of banks themselves. It assumes that the panic efforts of local communities to stave off starvation are not only effective but that it is logical to put the burden on the most distressed areas and on the shoulders of those least able to support it. How successful would local relief have been had that policy been applied in Belgium?

And the last sentence is perhaps the most tragically blind of all, for in it is concealed the germ of the philosophy shaping the whole quixotic utterance. It is not so much the words but continued emphasis on the ideas they clothe that serves to place added burdens of shame on men who feel they ought, somehow, through the physical powers of their body, through the agility of their minds, somewhere, sometime, to be able to preserve themselves and their wives and families from the rising tide of poverty in an abundant world. Such words serve to make men shift the blame for their inability to find work from a maladjusted society denying them opportunity to their own shoulders, and not only destroy initiative and self-confidence but leave in their place a morbid sense of inferiority; and they leave an added sting of degradation when private charity must dole out vitamins and calories because self-reliant men are not to be trusted in making their own purchases. Do dividend payments undermine freedom and liberty? Must capital be employed to enable such payments to continue? Do they not rather emphasize the fact that it is economic security alone that can secure a man any sense of freedom and allow initiative the liberty of expressing itself today?

It is indeed ironic that it should have been Mr. Hoover's own conservative committee appointed to report on recent social trends that so soberly annihilated pretention to material foundation for his beliefs: "There is", finds the committee, "in our social organizations an institutional inertia, and in our social philosophies a tradition of rigidity. The alternative to constructive social initiative may conceivably be a prolongation of a policy of drift and some readjustment as time goes on. Unless there can be a more impressive integration of social skills and fusing of social purposes than is revealed by recent trends, there can be no assurance that these alternatives with their accompaniments of violent revolutions, dark periods of serious repression of libertarian and democratic forms, the proscription and loss of many useful elements in the present productive system, can be averted. The committee does not wish to assume an attitude of alarmist irresponsibility, but it would be highly negligent to gloss over the stark and bitter realities of the social situation, and to ignore the imminent perils in further advance of our heavy technical machinery over crumbling roads and shaking bridges." Even pioneers realized that once they had arrived, there was a community to organize.

C. POWER MACHINERY WITHOUT OUTLETS

Confronting us is a world in which the application of power to machinery has taken place. What has it done? It has made millions, from the teeming wage-paid army of unskilled labor to the salaried ranks of clerks and managers, utterly dependent on its continued functioning. It has transplanted men to factories where no food grows. It has taken the tools of production from men's hands and made them helpless. It has removed the burden of growing grain, of weaving clothes, of building houses from the back of this man or of that and made it the burden of society. And where returns in material riches might conceivably have been stupendous, poverty, starvation, filthy dwellings, nakedness, and, more than ever, insecurity and dread of old age, still stare the masses in the face. The rotting cores of a thousand cities still send their concentrated stink to high heaven. And, worst of all, an increasing army of despair, the army of peace, stepping to the

* Abraham Epstein: Security. A challenge to America.

drumbeat of rumor, marches on in its never-ending directionless quest for an ever-receding nowhere.

There is more than a mere paradox involved.

Many, many times have answers been put forward, answers intended to deal with the question raised by the appearance of starvation stalking amid plenty. The intelligent voice of the entire nineteenth century still echoes its indignantly bewildered "Why?"

And just as cheap cotton clothing waved as a flag of triumph by early capitalists in the faces of reformers pointing to exploited misery toiling 17 and 18 hours a day in coal mine and cotton mill failed in settling the question then, so must the purring of 20,000,000 automobiles, the roar of 3,000,000 flush toilets, the morning crunching of 87 brands of breakfast food, the jangling of 12,000,000 telephones in America today fall utterly in drowning out this still persistent, Why?

The answer after a century of demonstration, even if it were not realized that the machine is essentially a weapon in the hands that wield it and not a mere tool, should be fairly obvious: However much undeniable material goods may sugarcoat the capitalist pill, however much the recital of columns of production figures may ease society's conscience, however lustily the chant of "Service" may ring, the overflow of goods has never been channeled toward the producing masses save as a necessary byproduct of a profit economy. If men at large have benefited, then it is because wages are a practical as well as an ethical necessity. That capitalism is trembling under its own burden of plenty today is an indication that the ethical nature of wages has until too recently obscured the practical.⁶ And the question is now not, How can this burden be lightened by channeling it toward the satisfying of want?, but, Can it be destroyed rapidly enough to prevent financial collapse?

The Hoover Committee on Recent Economic Changes had this to report in 1929: "The committee finds . . . that as a people we have become steadily less concerned about the primary needs—food, clothing, and shelter. We have long since lost all fear concerning our food supply, and so we no longer look on food as a luxury or as a primary source of pleasure. With greater knowledge of consuming habits, with more accurate records of the goods consumed, a sensitive contact has been established between the factors of production and consumption which formerly were so often out of balance. As long as the appetite for goods and services is practically insatiable, as it appears to be, and as long as productivity can be consistently increased, it would seem that we can go on with increasing activity."

In part the hopes of the Hoover committee might be said to have been confirmed and realized by subsequent events. Our productive capacity has increased; food is even less a luxury or primary source of pleasure than it was in 1929; certainly there has been evidence of a yawning insatiable appetite such as our land has not known. But lest there still be any confusion as to the essential purpose of power machinery, as to the need for redirection; lest the conflict of weapon versus tool be not clearly seen, let us take a look at the food men eat, the clothes they wear, the dwellings they inhabit once the profit motive for supplying these necessities has been withdrawn.

Take one little example:

On June 25, 1932, 52,000 families, who up to that time had been receiving charity food relief in Philadelphia, were informed that funds had been exhausted. What did they do? There was no food relief for 3 months. A survey was made of 400 families. They answer the question for the 52,000.

"But what of food, the never-ending, ever-pressing necessity for food? In this emergency the outstanding contribution has been made by neighbors. The poor are looking after the poor. In considerably more than a third of the 400 families the chief source of actual subsistence when grocery orders stopped was the neighbors. The supply was by no means regular or adequate; but in the last analysis, when all other resources failed, the neighbors rallied to tide the family over a few days. Usually it was leftovers, stale bread, meat bones for soup, a bowl of gravy. One neighbor sent two eggs a day regularly to a sick man threatened with tuberculosis. This help was the more striking since the neighbors themselves were often close to the line of destitution and could ill spare the food they shared. The primitive communism existing among these people was a constant surprise to the visitors. Without this mutual help the situation of many of the families would have been desperate.

"When the content of these meals is taken into consideration the facts are still more alarming. Four families had absolutely no solid food whatever; nothing but a drink, usually tea or coffee. Seventy-three others had only one food and one drink for all meals, the food in many cases being bread made from Red Cross flour. Even in the remaining cases, where there were 2 or 3 articles of food, the diets, day after day and week after

week, consisted usually of bread, macaroni, spaghetti, potatoes, with milk for the children. Many families were getting no meat and very few vegetables. Fresh fruits were never mentioned, although it is possible that the family might pick these up in the streets occasionally.

"They kept alive from day to day, catch-as-catch-can, reduced for actual subsistence to something of the status of a stray cat prowling for food, for which a kindly soul occasionally sets out a plate of table scraps or a saucer of milk. What this does to the innate dignity of the human soul is not difficult to guess. What it does to the bodies and the social attitudes of adults and children is something that we shall know more and more about for years to come."

While the garbage dumps of every large city of the country crawl with their human vermin grubbing for food, see now the lodgings provided for them by these same cities:

"The single men go to flophouses. Among the high white-washed walls of an old furniture factory, the soiled yellow plaster and the scrawled and punctured blackboards of an old public school, the scraped-out offices and pompous paneling of a ghastly old courthouse; on the floors befouled with spit, in the peppery-sweetish stink of cooking food, sulphur fumigations, bug exterminators, rank urinals embalmed with creosote—elements figuring more or less prominently as one goes from room to room, floor to floor, but all fused in the stagnant smell of humanity; they eat their chicken feed and slum amid the deafening clanking of trays and dump the slops in galvanized iron cans. They send their clothes to be fumigated and, if they are wet with the winter rain, ruined. They herd into steaming showers, the young still building some flesh on straight frames, the old with flat chests, skinny arms, and round sagging bellies; and they flop at last on the Army cots or in their bunks in double tiers, where the windows, shut against the piercing cold keep in the sour smell; men in holey socks and slit union suits, men tattooed with fancy pictures or the emblems of some service they have left, resting bunioned feet taken out of flattened shoes or flat arches wound around with adhesive tape, lying with newspapers for pillows, their arms behind their heads or with a sheet pulled over their faces or wrapped up in blankets rigid on their backs, their skins stretched tight over their jawbones so that they seem almost like the jaws of the dead. Yet Chicago has been apparently rather conspicuously efficient in providing and running these shelters."

It would be highly shocking if the word "service" in the mouth of a practicing physician were suddenly and openly to mean: "Let's see what you've got, first"; yet there is applause when service-to-the-community, slipping greased from the tongues of the pioneers of the new profession of high finance, most patently means just that. The assumption is that food, clothing, and shelter are less urgently needed by the human body than medicine; that the life of the community may be dependent on financial whim,⁷ its health on scientific skill.

D. WAR COORDINATION AND NEW OUTLETS

Not always has America allowed herself to depend on whim for her national well-being. In war-time, amoebic pseudopodia are channeled; energy is directed toward a given end.

"Promptly upon entering the World War, the United States followed the example of its allies and opponents by seeking to mobilize economic resources behind its military program. With extraordinary rapidity the Federal Government not only became incomparably the greatest employer in the country, incomparably the greatest buyer of goods—all of which it had become in earlier wars—but it also assumed direct control over fundamental economic activities. It took the railroads and many of the ships out of private hands. It regulated exports and imports systematically by licenses. It gave priorities in transportation, materials, and use of men to producers of war materials, and purposely repressed industries nonessential to military efficiency or civilian morale. It intervened between employer and employee through the war labor boards. It set up a Food Administration and a Fuel Administration. It fixed maximum and minimum prices for thousands of commodities. And it imposed all these drastic restrictions upon private initiative and free enterprise through the zealous cooperation of hundreds of business executives who served as officials on nominal pay.

"Despite the wastes and confusion attending upon this sudden overturn in economic organization, the mobilization served its purpose. In retrospect it offers a significant illustration of the rapidity and the success with which a people can recast its

⁶ Statement of Dr. J. Billikopf before Senate Committee on Manufactures, Jan. 3, 1933.

⁷ Edmund Wilson, *The New Republic*, Feb. 1, 1933.

⁸ By "whim" I do not mean to imply that there exists an inherent quality of capricious Sadism in this or that representative of the business world: It is applied only to the inevitable instability of a system dependent upon a multitude of individual decisions—consumers, producers, and investors—and against the cumulative effect of which no one individual, no matter how well-intentioned he be, no matter how essential to the welfare of the community the commodity he handles may be, can possibly struggle. The individual, to remain in business is bound to the profit rules of the game. And these, whim, or a multitude of whims, determine.

⁹ "Social philosophies are somewhat like codes of morals in their resistance to change. Their changes often lay behind the social organizations with which they are connected. Old-fashioned attitudes toward work persist under urban factory conditions. Much confusion is engendered . . . by the gradual crumbling of many solid dependable beliefs which sustained the people of the nineteenth century." (Rec. Soc. Trends.)

basic institutions at need. Seemingly, what engineers regard as the slow pace of change in economic organization is due more to absence of unity in will and purpose than to lack of capacity to imagine and carry out alterations. In 1917 the country was nearly unanimous in putting victory in the war above all other aims. In this supreme aim it had a criterion sufficiently definite to determine what should be done. No similar revolution could be effected in times of peace, unless a similar agreement in purpose, supplying an equally definite criterion of social values, could be attained. But is it beyond the range of men's capacity some day to take the enhancement of social welfare as seriously as our generation took the winning of a war?"¹⁰

But besides industrial cooperation, certain other war-time developments are to be noted.

"At the beginning of 1917 there were some 40,000,000 able-bodied workers in the United States. Under the economic system prevailing at the time, the 40,000,000 working in fields, factories, stores, offices, provided an amount of goods and services, which, while enormous in the aggregate, was still insufficient to procure for the majority of the population what the United States Department of Labor Statistics terms a 'minimum budget of health and decency.' This budget called for food, shelter, and clothing, plus a few modest comforts, and, for a family of a father, mother, and three children, ran in the neighborhood of \$1,700 a year. Less than a third of the families in America were receiving as much as this, and accordingly modern industrialism, whatever else its virtues, did not provide enough to go round in terms of houses, shoes, overcoats, bread, milk, schooling, and health protection. The slums of the great cities, the condition of the tenant farmer, the plight of the small shopkeeper and often the small professional man, confirmed this evidence. Of the reasonable comforts there was a great shortage; of the prime necessities, particularly housing, there was shortage enough."¹¹

Thus America stood in 1917. That the war created a stimulating gap into which American goods could be rushed, has been commented upon. What has not generally obtained notice was the temporary resubstitution of another gap, a gap which withdrew surplus man-hours from industry which new geographical areas formerly provided for through emigration and homesteading projects.¹² Into the vacuum provided by nonproductive war-time jobs, the Army and the Navy, miscellaneous war-time activities, manufacturing devoted specifically to war materials, were drained off, at a conservative estimate, 25 percent of the gainfully employed. The Secretary of War lists 11,400,000 absorbed into non-productive jobs. Each one of the men withdrawn from productive activities represents the withdrawal of a certain number of man-hours of labor.

With one fourth less labor-hours at its command, what happened to American industrial output—to the standards of living of those dependent upon it—during the war period?

Total output did not fall. It increased in volume of production from 100 in 1914 to 127.7 in 1919.¹³

Hours of labor for those employed were not increased. They dropped, owing to increased bargaining power, on an average of 5 hours per week between 1914 and 1919. And over the same period trade-union membership reached an almost all-time high point, outdone only by the succeeding 2 years, increasing from 2,716,900 in 1914 to 4,169,100 in 1919.¹⁴

In the same way labor's bargaining power increased the average annual earnings of employed wage earners from \$613 in 1914 to \$1,144 in 1919; or, reflected in an index of real earnings, from 100 in 1914 to 105 in 1919.

In other words, owing to an artificially induced scarcity of labor-hours, America suddenly realized a standard of living such as she had never known before. Men were in demand at any price. In spite of climbing price levels, constantly increasing incomes meant a steadily increasing absorptive capacity in purchasing power. For 2 years and more a sense of security came into the worker's life. He could buy; he did buy; output was steadily absorbed. Three factors stepped in to fill the gap created by the withdrawal of man-hours from American industry: (1) New standardization methods of mass production were introduced, and wastes were ruthlessly eliminated; (2) restriction of essential goods by capitalist sabotage ceased on the assurance of constant market demand, and goods flowed freely from the factories; (3) the consuming power of the workers, in relation to the total income of the nation, increased from 68.9 percent in 1917 to 77.3 percent in 1918. In 1916 the upper 5 percent of income levels received \$14,300,000,000, or 34 percent of the national wealth; in 1919 they received \$15,500,000,000, or only 24 percent of the national wealth. A combination of the first two factors meant an increasing flow of essential commodities which, finding in the third factor a steadily expanding market, the growing effective demand of an income group that above all others craved just such essentials, resulted in the possibility of continued capacity production and a new standard of living for America as a whole.

¹⁰ Recent Social Trends, committee findings.

¹¹ Stuart Chase, *Waste in Industry*.

¹² For a full discussion of this, see Dahlberg: *Jobs, Machines, and Capitalism*.

¹³ Mills: *Economic Tendencies*.

¹⁴ Recent Social Trends.

"Now it really does appeal to one's common sense as preposterous," writes David Friday in *Profits, Wages, and Prices*, "that the laborers should be thoroughly employed at good wages and should enjoy a high standard of living when the Nation was wasting \$15,000,000,000 a year upon war, but should find it impossible to maintain that standard when the waste of products had ceased. When one compares the tone of American life during the spring and summer of 1918 with the state of public opinion and industrial activity of 1920, he wonders whether peace is really a blessing."

For a few brief years then the American productive machine showed what it could do under pressure of cooperation, even when cooperating to kill Germans, when its goal was first of all effective distribution and production; secondly, profit; though one did not bar out the other, when it was reprovided with two of the essential pseudopodic gaps, expanding markets at home and abroad, and an overflow for unnecessary man-hours of labor, demanding concentration on essentials.

It is no wonder that there were many at the end of that period who began to speculate what the outcome might be if American industrial and inventive forces should unite their profit seeking and scientific urges in one drive toward a new end, a new destruction; the destruction this time of slums, of mass-poverty, of hunger at home, of ugliness, of disease, of industrial insecurity, of dependent old age, of unemployment, and of wholesale waste, thus providing for one essential gap in the yawning desire of an untouched home market, and providing for the other in the withdrawal of man-hours from industry, hours proved no longer, or rather decreasingly, required with the introduction of new productive techniques, into leisure and recreation with the firm ground of economic security under foot, rather than in the casting of men into haunted idleness with sifting quicksands of economic insecurity to tread upon.

But this most certainly was not to be.

Normalcy was just around the corner.

E. WAR COORDINATION AND FLOW: EMPLOYMENT AGENCIES

Before moving with the straggling parade down the avenues of the New Era, the bland easy smile of its band leader drives one back to present more emphatically one other development of war-time alertness.

Public employment agencies were not unknown in America before the war. All students of unemployment have recognized that: "A well-functioning system of public-labor exchanges could, by an organized and more rapid dissemination of information upon jobs to be had and workers desiring work, reduce the amount of time lost in job-getting and in the securing of labor by employers." Such a coordinated system of public-employment bureaus was seen by their advocates as a nation-wide chain, "centers which would make a specialty of knowledge regarding available jobs—where they are, how many, what they are, the type of ability they call for, and so forth—and also a specialty of knowledge regarding available workers, where they can be found, the number, what in general are their experience and capabilities. In other words these bureaus would eliminate waste and unnecessary idleness resulting from the irregular and ignorant efforts of individuals to find work or to secure workers."¹⁵

In 1907 a division of information was set up within the Bureau of Immigration "to promote a beneficial distribution of aliens admitted into the United States among the several States and Territories desiring immigration." In 1914, on the decline of immigration, this evolved into a strange attempt to further employment service by the creation of a Nation-wide cooperative system that linked up local employment bureaus, the national farm labor exchange, and the Postal Service—all under the control of immigration personnel.¹⁶

Between 1910 and 1916 there were seven studies made of unemployment in the United States. Of these not one failed in urging as an immediately necessary step the establishment of public employment offices. It was clearly recognized that not only the continuous transitional shifts required by modern industry as it spews forth and gobbles up labor demanded some means of channeling the labor flow over vast geographic areas that would be of service to both employer and employee through creating facilities for interstate transportation, but that also the abysmal ignorance concerning the degree of unemployment, the demand of the labor market, could never be effectively filled with knowledge until there were in existence regular and recognized centers in industrial and agricultural areas, where those seeking work could register according to trade and skill, where those seeking workers could make their desires known in specified terms.

Certain States and municipalities had experimented with the idea. By 1905 there were 37 offices in 15 States; in 1913, 67 offices in 21 States. Wisconsin was well in the lead in efficiency and administrative methods. Offices in Milwaukee were conducted under an examining board representing the Industrial and Civil Service Commission, employers, and workers. The first generally coherent State system was produced by Ohio in 1917. As early as 1914 a bill was presented in Congress calling for a Federally administered service. It recognized clearly that cities and not States

¹⁵ Public Employment Offices, Harrison and Associates, Russell Sage Foundation.

¹⁶ See The United States Employment Service, Ruth M. Kellogg.

were the industrial and commercial units of the country, and that only by Federal cooperation with municipalities could an effective labor exchange and bureau of central information be achieved. But as long as an easy labor market remained, zeal on the part of those in power was not stimulated. The Murdock bill was not even voted on.

Then came the war.

A magic wand waved through the air.

Cinderella sitting by the fireside, scorned by her proud sisters, neglected by men, was transformed into the most sought-after beauty in all the wide, wide land. Even a prince went hunting.

Fairy godmother had transformed labor from a rather cheap commodity into one highly prized. It became expedient to facilitate its chaotic flow. The hodge-podge of 1914 was miserably inadequate. The United States Employment Service sprang into active being in early 1918. The National Association of Manufacturers saw clearly that such a move was now truly desirable,—that to own a slipper without a princess was nothing at all. State and municipal bureaus were linked up. Federal agencies were established. A revolving fund was set up that labor might be transported to and from strategic points. For a time gate-to-gate, newspaper-to-newspaper, employer-to-employer, hunch-to-hunch, and doubt-to-fear job-seeking vanished.

Then peace set in.

The army came home. It was demobilized. War workers went back to normal jobs, dollar-a-year men to normalcy. Post-war activity, the soft cushion of purchasing power labor had provided for itself, bolstered industry for a time. It swallowed without immediately vomiting the new man-hours poured down its throat. There was a vast amount of building and shipping to be done. The hastily formed war-time service began to readjust itself to peace demands, to seriously study the problem of finding the right jobs for the right men.

As suggested, the problem was no longer one of finding men for jobs; it was that of finding jobs for men. The National Association of Manufacturers had time to think things through more carefully.¹⁷ Many overhasty, unwise steps had been taken during the war. The question now arose as to whether or not the United States Employment Service should continue. Efforts were made to expand and increase its efficiency, to place it on a sound and permanent basis under nonpolitical Civil Service authorities. But the sag toward normalcy was overpowering.

But the question was no longer one of finding men for jobs; it slowly became rather one of finding jobs for men. So little had the House Committee on Immigration and Naturalization gleaned from the war that in 1920, protesting against immigration restrictions as a curtailment of our "natural development", it declared there was a labor shortage in the country amounting to not less than 5,000,000 men.¹⁸ The next year the President's Committee on Unemployment was in session attempting to decide whether or not soldiers "did not want to work" and what should be done with 6,000,000 unemployed. Voluntary action by business men was the keynote of the discussion: "When business again declines men will be laid off and the problem of unemployment may again become serious. It will then be too late for any measures except relief for the unemployed unless we now address ourselves to the task of preventing, or at least reducing, these extreme fluctuations of business activity. Prevention as contrasted with relief is possible only through foresight."¹⁹

After mature consideration the National Association of Manufacturers found that any measure that might tend to increase the bargaining power of workers, such as thinning the reserve hordes knocking always at the factory gate, was indeed unconstitutional. It, too, lusted for normalcy and the old heydays when labor was not a problem but just cheap.²⁰

¹⁷ The line of thought is indicated by the following comment of a representative of one of the national employers' associations: " * * * We believe that the States should run their own services. You see we can get at the States more easily. It's a much tougher proposition to do anything with the Federal Government." (Pub. Emp. Agencies, Russell Sage Foundation.)

¹⁸ Migration and Business Cycles (N.B.E.R.).

¹⁹ Business Cycles and Unemployment: Report and recommendations of a committee of the President's Conference on Unemployment, 1921.

²⁰ It is always enlightening to study the declarations of the National Association of Manufacturers against the background of circumstance which prods them forth. A recent bill calling for a regulation of the hours of industry to prevent the present nationwide collapse of all standards and return to 19th century factory conditions, as well as to afford new opportunity to millions, brought forth this from the association's representative: "The measure is plainly designed to compel each producer to operate under conditions of production which Congress has not the right to determine. It permanently contracts the earning power of the individual and destroys his liberty to advance himself by his own efforts." Their concern for the individual is always touching. But their beliefs as to what Government should or should not do about conditions of production grow confusing. Only a few days later when a slight trickle of imports, still dismally below normal, still representing a larger decrease from currency-depressed countries than those on the gold standard, began to creep over an already disastrously high tariff wall, the situation was one that "calls for special powers of administrative adjustment."

Meager funds only were allowed the Employment Service. The number of offices in existence, which had reached an all-time high of 850 by October of 1919, was drastically slashed. The amounts contributed by States for continuing their own and taking over some of the Federal agencies were, of course, but drops in the bucket.²¹ Worse still the tone of public employment agencies fell into dismal decay. The United States Employment Service kept its name, but it passed into the care of second-hand political hacks, and ran no offices solely on its own. Its ambition did not extend beyond shifting a few gangs of extra-hand labor from place to place. Its monthly publication, Industrial Employment Information Bulletin, became and remained the standard source of industrial misinformation for those who troubled to look into it. It consisted of a few odd hunches as to what the situation might turn out to be, furnished by representatives with an ear for gossip throughout the several States of the land. Of course, it did not matter very much for a few years just what the bulletin chose to print. But in 1929 it mattered. In 1930 it mattered. In 1931 it mattered. In 1932, unless torn up first, it mattered. Accurate information in 1933 might matter.²²

It is to be noted in passing that it was as a result of demobilization that Canada adopted and retained a coordinated system of public employment agencies. The maturity of Europe is therefore not wholly unreflected in North America.

In the meantime the old pot-luck system was in force again in the United States: a two-headed monster of economic waste and private tragedy. So, joining the staggering procession down the years of the new era, came again the blind and weary directionless tramp of men's feet from factory gate to factory gate.

Normalcy had begun.

F. NORMALCY

What is normalcy?

It is a good deal more than just an ungrammatical word.

It is not bothering to look into the dictionary for the right one. The originator of the phrase had a bland easy-going smile. To the local paper he was "Just plain folks."

Applied to one's self it expresses a certain slackness of living. It reflects an unconscious desire to side-step the harsh necessity of decision, to flow with the stream of events haphazardly. In a sense it reflects a mental softness that refuses to reexamine one's emotional reactions in the light of a consciously and deliberately aimed effort toward achieving objectivity.

It is the act of continual postponement. Things are not as bad as they seem; things will work out.

The spirit of normalcy has, slightly bedraggled, slipped on into the winter of 1933.²³

Relief to families in 76 cities of the United States, representing in 1930 a population of 34,474,000, had mounted as follows:

1929	-----	\$40,791,300
1930	-----	66,530,100
1931	-----	160,802,300
1932 (first half)	-----	140,576,078

The increase in funds spent in no way corresponded to the increase in families demanding aid. Funds were spread thinner, relief was denied, local educational and health budgets slashed. At best the R.F.C. had enabled emergency tactics to continue. This meant one thing—increasing emergency.

Each of its 3 representatives stands in varying degree the symbol of an era. I am not attempting to say that had we had other Presidents the tragedy of the last 3 years would necessarily have been averted. The leaders of our democracy are placed in office for it by a convenient slogan reechoing of its mass chant. They are therefore almost invariably expressions of rather than molders of events during their term of office. The last of the line, though outweighing mentally his predecessors, was also a symbol, and, as the flow of events changed in its nature, an anachronism as well. He stood for efficiency, a magic wand that at the time of

²¹ In 1918, \$5,500,000 plus a deficiency appropriation of \$272,000 was expended by the Federal Government. There were then in existence 773 offices in 605 cities and 48 States and the District of Columbia. In 1920, \$1,547,000 was spent maintaining 269 offices in 42 States. The Federal appropriation for that year was \$400,000; the remaining \$1,147,000 coming from States and municipalities. By 1921 there were 174 offices in operation in 35 States. (Pub. Emp. Agencies—Russell Sage Foundation.)

²² Since the writing of this report, Miss Frances Perkins has come into the Labor Department. For the first time that Department will probably live up to its name.

²³ The crying need for direct relief, in spite of the evidence submitted before the Senate Committee on Manufactures, was even then not recognized by the Senate. In the fourth winter of depression, confronted by an all-time high of 15,000,000 unemployed, by the rapidly increasing collapse of private charity, by the slow exhaustion of tax funds, by still prevailing haphazard relief measures, by no conceivable glimmer of hope, it still insisted that families first be reduced to destitution, then be allowed to subsist indefinitely or inadequate food rations, as though the gradual pauperization of a living generation were but a dream. On Monday, Feb. 20, 1933, it turned down even the meager appropriation for direct relief proposed by the LaFollette-Costigan bill, replacing it by a feeble substitute, the liberalization of a failure, intended to please the White House.

his election merely in the waving was supposed to work, bolstered by voluntary action, economic wonders; nor were any attempts made during his campaign to dispel the illusion.

The era of normalcy should therefore be rapidly diagnosed. The overemphasis that will bear heavily on factors making for unemployment must be allowed for. Unemployment is the subject of this paper: God is not seated in impartiality on His throne of judgment. But adequate measures for dealing with unemployment can only grow logically from a presentation of the problems involved. To be essentially applicable and coherent, they must be seen as evolving from a given course of events. As suggestions unrelated to time and place, they could only go toward swelling the already turgid mass of panaceas, not only suggested, but some of which are actually engaged in the great work of restoring normalcy and confidence: People are out of work—share the work; people have no money—print more money; budgets cannot be balanced—put on a sales tax; goods are not selling—slash wages; men are starving—toss them food; and so on ad nauseam from the heaven of free silver, through planned economy utopias, to the present-day hell of the R.F.C., local relief, economy drives, and collapsed standards of working conditions, savage wage cuts, and nineteenth-century hours of labor in sweatshops, coal mines, and textile mills.

The whole upper structure of capitalistic civilization seems water-logged, sinking into the forgotten sea on which it once floated, sea now turned foul morass, rotten with poverty, snarls of dulled hollow-eyed men drifting purposelessly across its stagnant surface.

The faith of communism is based upon the inevitable self-generated destruction of capitalism. It is mechanical and certain. It foresees amoebic growth clogging the world. One would be hard put to it to find a logical refutation. It has one major flaw, one not expressed in scientific logic. It denies the living belief that some still hold to, that men, by taking action among themselves, can, within the limits imposed upon them by material environment, determine the course of their own destinies; that they can, by facing the exigencies of necessity, as they arise from the sifting progress of persistent growth, preserve the form of society, readapted to newly evolved conditions, under which they are accustomed to living. Such a belief may be a bourgeois phantasy. Certainly it has not been demonstrated that men living under our present form of capitalism are capable of taking action together. The moments in which they will still be allowed to take action may not extend indefinitely into the future. Mounting scepticism is not layed by postponement.

The task ahead is a strange one. It is not one that requires facing hardship, deprivation, fierce physical struggle. It is rather one of applying determined intelligence to the new facts of an abundant environment—and of realizing in useful wealth its richness. Mental quirks alone are the dams checking its flow. The burden of proof is now on capitalism to demonstrate that capitalism is not synonymous with mental quirk. And a further continuance of the present degree of human degradation and physical suffering is too high a price to pay for a long-drawn-out argument.

II

1923-1929

A. THE CLOGGING OF OUTLETS

Rapidity is the keynote.

A confusion of many tongues still lingers over this period of American industrial development. All that can be done in the quick survey to follow is to grope below the clouds, grasp certain constant tendencies, and remove them for separate inspection. It is only by continuing to see unemployment as a function of the system that produces it that adequate long-range remedies can possibly be applied.

In his volume, *Economic Tendencies in the United States*, the most broadly adequate report on these post-war years, recently published by the National Bureau of Economic Research in co-operation with the Committee on Recent Economic Changes, Frederick Mills in part concludes the survey: "The expansion which dominated the course of economic events during the third decade of the twentieth century started against a background of violent and unbalanced change. Partly because of the effect of the war and of domestic policy on the course of immigration, partly as a result of slowly acting forces more fundamental in their origin, the factors affecting population growth had been changed. On the industrial side, the full effects of technical innovations and of a changing attitude toward the problems of production were beginning to be felt. A surge forward in productivity, probably exceeding in its intensity and rivaling in the scope and magnitude of its effects the advance which has given the label of 'industrial revolution' to the events of the late eighteenth and early nineteenth centuries in England, was under way. The movement, lowering costs and stimulating production, modifying the returns to producing groups, intensifying the ills of an old evil—unemployment—was to leave a deep impress on the years which followed."

During the course of this paper we have become familiar with certain environmental conditions necessary to the health and continued vigor of the amoeba. It would be well to see how the American amoeba stood in 1923, having reassembled its forces after its period of post-war deflation. Two of the three essential

outlets presented themselves temporarily unclogged. In Europe there was still a favorable area of destruction remaining to invite manufactured imports—the geographic outlet that in other parts of the world was rapidly clogging. In new industries, outlet was provided for capital expansion and labor absorption—the industrial outlet that without constant relief rapidly tends to clog itself. I emphasize this to invite a more critical attitude toward such plans as the "guarantee of industry" and similar measures seeking primarily to recapture the dream days of boom time without a realistic consideration of present circumstances.

That we suffered from a lack of realism at the time is adequately if not solely demonstrated by the spectacle of our foreign-trade policy stalking the night dressed in the musty costume of seventeenth-century mercantilism howling from its dream for higher tariffs, exports, and gold payments. And even today, our eyes open to depressed world price levels, shrinkage in foreign trade, and departures from the gold standard, though forced from our antiquarian's dream, we choose to see rather the hand of malignant fortune at work than our own grabby little fingers at play.

The credit our business leaders took for our prosperity in 1929 is mighty proof that we tumbled into it not knowing quite where or what it was. A restoration of confidence is not going to yank us out of the pit. No one can claim that confidence was lacking as we fell into it. "Our prophets of gloom and woe are being steadily refuted by the basic health of most of our important industries" crowed the chancier of the New York Stock Exchange, President Simmons, a moment before the sun failed to rise. "The business cycle has apparently ceased to operate in its former accustomed manner." Not love alone, but greed also is blind. If the textile industry, the boot-and-shoe industry, shipbuilding, soft-coal mining, railroad-shop construction, and agriculture, all languishing in a chronic illness, can be called basically healthy, if 152,984 businesses and 2,451 bank failures between 1922 and 1928 are of no importance, then, it is granted, salvation lies in a restoration of confidence. On the other hand, if a structure collapses because it is rotten at the foundation and made of cheap material, merely to restore it, especially after it has lain weatherbeaten on the ground for some time, is not to promise much in the way of sound construction.

One thing these years have done: they have helped clear away much of that mazed tangle of dreams, ghosts, and musty doctrines of an outworn economy that for a time sent vibrant emotionalism singing through the thick voices of practical prophets at banqueting hour. Confidence must wait for something more substantial than the persistent dream of an ever-receding frontier, the ghost words of Adam Smith, and the verbiage of mercantilism to feed upon.

I have mentioned 2 of 3 outlets characteristic of capitalistic development that were still in existence in 1923. The third, the outlet for those who have a supply of labor-hours to offer in excess of demand, was clogged, inevitably in fact, needlessly in fancy. And while our immigration policies recognized the former—the passing of the physical frontier and opportunity for geographic emigration—by restricting the inflow from abroad, our industries reached a mental frontier and no longer provided or sought for further outflow. Though during the course of a century the trail of industry had passed through the land of the 14-hour day, the 12, the 10, and had now come to that of the 8, this it assumed to be not a mere country seen in passing but the promised land itself. Fertile fields ahead were ignored. The outlet afforded through leisure "emigration" was clogged. In the land of the 8-hour day industry proceeded to settle and to establish itself, unaware of a rapidly increasing congestion that immigration restrictions on mere physical boundaries were powerless to prevent.

From within the boundary lines new workmen arose with increasing rapidity. They could be hired, considering the productivity of their working hours, for appallingly little. They had no standards of living. They demanded only that enough be set aside to provide for their replacement in old age. Competition for the American workman did not die with the erection of immigration barriers. And geographically he had no place to which to shift his excess supply of man-hours. Therefore the rise above all of the automobile, creating as it did a multitude of jobs, directly and indirectly, and, to a lesser degree, that of the radio and electrical appliances, assumed tremendous importance during these years. They, together with openings of another character—service, advertising, and selling jobs—for a time served as conduits for our labor overflow, while geographic and leisure outlets were closed.

The Hoover committee report on recent economic changes summarizes the changes effected in American industry during the decade following its war-time speed-up as follows:

An increase in physical volume of product.

An increase in productivity of the individual worker or of the man-hour worked.

An increase in primary power utilized both in total volume and in amount per employee.

An increase in the total amount, and also in the proportion, of horsepower for industrial purposes which is purchased instead of being self-produced.

A decrease in the number of workers employed.

An increase in fixed capital assets; that is, in manufacturing buildings, equipment, and machinery.

A decrease in unit prime cost.

An increase in the attention given, resources available, and funds spent for industrial research.

An increase in the development of new manufacturing materials.

An increase in the development of new manufacturing processes.

An increase in material-handling machinery utilized, both to reduce cost of transporting materials and product to act as a pace-maker for the speed of production.

Reduction in wastage of manufacturing materials and the reclaiming of former waste products through the development of by-products.

An increase in safety of industrial establishments, with safeguarding carried to such a degree that the greater number of industrial accidents are now attributable to supervisory failure, not to physical cause.

An increase in the extent, degree, and quality of artificial illumination.

An improvement in working surroundings and in those physical conditions that can be modified by technological means.

These isolated changes gather themselves into one spearhead: "The first essential thing upon which we must keep our minds centered is that the whole problem arises from the vast expansion of our resources consequent upon the escape of production from the limits of human labor."²⁴

Here are the net results taken from Mills' Economic Tendencies mentioned above. Here are reflected American industrial trends:

Average annual rate of change

	Pre-war years, percent	Post-war years, percent
Number of wage earners.....	+2.2	-1.3
Output per capita.....	+1.7	+3.3
Average real wages.....	-1.10	+1.4
Common-stock receipts.....	+1.2	+16.4

The figures mean this: That though industry depends as much on mass consumption as it does on mass production for its continued successful functioning, that though it therefore requires that market and purchasing power expand in proportion to productive capacity, actually during the post-war decade, with no compensating expansion in foreign trade, the monetary returns to owners was rapidly outstripping that of employees; that, measured in terms of unit cost of production, the reward of labor was declining. They mean furthermore that the increased production was owing not to increased employment but to increased per capita productivity. Industry, in other words, was producing more goods, fewer effective consumers.

Now all these tendencies were noted by the President's committee in 1929. They are clearly expressed in the graphs and figures presented throughout the two volumes of recent economic changes. Notice, however, the point of view taken toward them: "It is this degree of economic activity, this almost insatiable appetite for goods and services, this abounding production of all things which almost any man can want, which is so striking a characteristic of the period covered by the survey."

Nothing need be said about the bland assumption that the major portion of America was peculiarly aware of "this abounding production of all things which almost any man can want" at this point. The way toward a clearer understanding of what was happening, however, is still blocked by one small but potbellied, greedy little figure, the last of the economic ghosts to be faced—the economic man. He is the gentleman referred to above in the term "insatiable desire." Who is this gentleman who has neither bottom to his belly nor walls to his house who has for so many years led not only economic theorists but hard-headed manufacturers dancing to his delirious pipings? Who is he? How does he dress? Is he one of the millions or one of the millionaires? That is important.

If he is of the millions then his insatiable desire is ineffective. It is of no more than academic interest to the builder of houses that the millions hunger for more and better housing.

If he is of the millionaires then desire is sated before the pocket is emptied—and again it is ineffective. It is of real concern to the builder of houses that once one palace is constructed hunger for more and better palaces is, in most cases, at an end in this lifetime.

While the minuteness of the individual claims to wealth of the millions keeps them bound to the economic treadmill and in a condition of perpetual hunger for this "abounding production" of most of the essentials of life, it is the existence of the few excessive claims to wealth that commands the attention and ingenuity of manufacturers. Pursuing the surplus spending powers of the rich, the economic man leads the chase into an ever-broadening variety of new fields, into unexplored corners of the old. It is just here that he stumbles and lags. It is beyond physical pos-

sibility to absorb more and more and more of the essentials of life in accordance with indefinitely expanding income. A man will continue to absorb just so many loaves of bread. Manufacturers attempting to horn in may diversify spending power by creating new fashions and styles in bread consumption, but they will find it hard to increase total consumption. And here they run into another difficulty: they will find their economic man is a creature of habit and has forcibly to be educated into the development of his "insatiable desire." And it will cost a good deal of advertising money to cajole him from raisin to nut bread to gluten. He may not even wait for the educating process to fulfill itself but will place his surplus spending power in the creation of yet another variety of bread and decrease further the earnings of all those already in the game. And in the meantime the millions will hunger for more plain bread. A large part of the new era economic activity was in pursuit of a ghost that died when the nineteenth century was still young. Where the economic man might have been given enough reality to have insured permanent business activity in his pursuit, he was ignored; he was catered to in the one income group where sooner or later surfeit must come to put an end to much of the worthless business machinery set up to stimulate and to invent new and makeshift desires.

So from the last of the ghosts to reality again.

The picture of these years must be gotten a little more clearly in mind. All told, some 2,300,000 men stopped working permanently in agriculture, railroading, manufacturing, and coal mining. In the same years there was a population increase of 17,000,000, which should have added from 5,000,000 to 6,000,000 workers to industry. The slack is assumed to have been taken up by an increase in secondary-school and college students of from 3,000,000 to 5,000,000. Increased building, which had the war-time lag in resident, factory, and office construction to make up for as well as the supplying of normal demand, opened 300,000 jobs; automobile construction, some 750,000 jobs; hotels created some 500,000 new opportunities; and so on into a miscellaneous chaos from insurance selling to manicuring. Almost every Washington taxicab driver I have questioned this winter was formerly employed in some manufacturing concern, a large majority of them dismissed prior to 1929. Advertising agents and salesmen, "hot-dog" stand tenders, barbers, movie-palace ushers, apartment-house door men, restaurant waiters, elevator boys, and bootleggers tell the story of what happened while industry was pressing men into economic rearrangements. "This failure of factory and railroad employment", to quote Recent Social Trends, "to advance is especially significant, since the gainfully occupied population increased from 42,600,000 to 48,000,000 during these years . . ."

This multitude of various and often makeshift jobs reflects the reasoning behind the economic theory that technological unemployment is an eventual impossibility. Capital surplus must be released; as it is released it tends to create new jobs, room for new service activities, and professional workers. And that is undeniably so. But notice the increasing difficulty with which the economic man creates wants that open new jobs.

This is what was happening. Those industries engaged in supplying the more basic and essential wants of the country at large underwent rapid technological changes. There were many efficiency measures induced by the principles of scientific management. These steps taken together reduced radically the number of labor hours required to produce a given amount. But, as this saving was realized not in a general reduction in the workday but rather in the working force, no correspondingly increased per capita leisure resulted. Men rather than man-hours were withdrawn from industry.²⁵ The consequent saving from decreased total wage payments added to a declining unit cost of production meant a sharp increase in profits for the owning class. This general trend has been indicated in the figures quoted. Actually the changed relationships between the value of the product, the cost of material, and the value added by manufacture; between the value added by manufacture, wages paid, and amounts going into overhead and profits were revolutionary in the sharpness of their break.

Throughout pre-war development these factors had advanced more or less proportionately. Thrown on a graph the curves show an approximately relative increase. In the first instance the break occurred in 1921; while costs of material became of relatively less importance, the value added by manufacture soared in a rapidly ascending curve through to 1929. In the second instance the break followed the deflation of 1921-22; while wages paid pro-

²⁵ Changes by census periods are shown by the following summary (Economic Tendencies, N.B.E.R.):

Census interval	Increase in output per establishment (per- cent)	Change in number of workers per estab- lishment (percent)	Increase in output per worker (percent)
1923-25.....	+10.1	+2.5	+7.3
1925-27.....	+6.7	+1.4	+5.2
1927-29.....	+2.6	-5.0	+8.0

²⁴ Henderson, The Economic Consequences of Power Production.

ceeded in a somewhat normal line, tending to flatten off and dropping somewhat at the end, the amount going into overhead and profits climbed with increasing intensity. In both cases previous relationships were smashed. In both cases the only direct channels by which income flows to consumer's purchasing power—cost of material and wages paid—suffered at the expense of returns to ownership.

The following table sums up the post-war relationships:

Year	Physical volume of production	Value of products	Cost of materials	Cost of fabrication plus profits	Overhead expenses plus profits	Total wages paid
1923.....	100	100	100	100	100	100
1929.....	113	102	98.3	109.3	121	94.3

If men rather than man-hours are to be eliminated from industry, if the remaining wage payments are not to be inflated, if the unit cost of production is to decline, if prices are to remain fairly stationary,²⁵ the resultant increased "earnings" must find an outlet. Certain consequences must follow:

(1) New wants must be created and manufactured to absorb some of the new earning power of the rich. Yachts, Tudor palaces, elaborate furniture, de luxe editions of books, and luxury articles in general must be made highly desirable.

(2) Excess plant equipment must be constructed on an ever-increasing scale; investment may either flow to an existing factory or build a new one in total disregard of actual market demand. With 90 percent of the population eager to buy more the Bureau of Census reports that American industry even in 1923 was idle 25 percent of the time. The census estimate was based on a comparison between goods actually produced and potential capacity. Here are some of the actual production estimates²⁶ as compared with capacity:

	Percent
Food and kindred products.....	57.4
Textiles and their products.....	79.7
Iron and steel, etc.....	76.4
Machinery and manufacturing.....	69.4
Rubber products.....	70.2
Transportation equipment.....	65.9
Lumber and allied products.....	74.7
Stone, clay, and glass.....	77.6
Flour milling.....	40.0
And so forth.....	

This partially illustrates the somewhat tragic and ludicrous, state our industry, even in boom periods, tumbles into. Supply and demand could quite easily be balanced were demand allowed the means to become effective. Instead, industry languishes in a chronic condition of over-production by holding off its most willing consumers and even destroying them.

(3) Intense activity in advertising and distribution must be turned to, in order to consume excess profits and provide jobs clogged by an 8-hour work day in industry. Recent Social Trends reports that advertising matter increased from \$98,697,000 in 1923 to \$155,122,000 in 1929 in periodicals alone. The average annual bill footed by consumers for the privilege of being told what to buy comes to about \$1,280,000,000. What they pay for excessive sales attention and distributive wastes would be difficult to estimate.

(4) Excess profits may indulge themselves by constantly working on new models and styles. They can energize a lethargic demand with schemes of elaboration and a stimulation of fashion changes.

(5) The machinery utilized per worker may be constantly added to with an eye toward further savings in wage reductions and a further speed-up of new production.

(6) And finally surplus capital must be shipped off to Europe or sent to stimulate production in other foreign countries. In the former case it helps preserve the illusion of an active export trade; in the latter case it helps eventually to destroy a favorable balance of trade, in the light in which we regard it today, by stimulating abroad a construction of the very things we like to ship.

There is not a great deal more that can be done with surplus earnings; by surplus I of course mean that which remains after the perpetuation of the original plant has been provided for. So the picture turns a little funny. Mr. Hoover and the Department of Commerce through the Bureau of Standards do yeoman's work investigating ways of eliminating waste from industry. Waste is eliminated by improved process methods, by wholesale

cuts in various styles produced, etc.²⁸ Men are of course eliminated along with the wastes. A "saving" has been made. But what can be done with this "saving", if it is not to be reflected in the sating of mass desire? Nothing practically beyond the creation of new wastes on an unprecedented scale. Income must be spent. Income must be set to inventing traps for the capture of income.²⁹ And since men rather than man-hours are withdrawn from the more essential industries, surplus men and surplus capital, if they come together, must both be consumed in the production of frills, elaborations, advertising campaigns, supersales service, and distributive wastes.

And here is where the fatal lag sets in. Here is where the economic man stumbles and lags. The desire for the consumption of newly created industrial "wastes" is neither as spontaneous nor as insatiable as is that for the consumption of essentials; those commodities that appeal immediately to the instinctive mental and physical cravings of man. Men have to be persuaded and cajoled into the buying of Old Golds; a nation has to be educated to the use of the radio. But man will turn naturally to more varied diets, better shoes, better clothing, less smelly houses, and recreational pursuits as increased income and leisure allow them. Dahlberg has written a book on the danger to the capitalistic system of this sluggishness induced by the retention of longer hours of labor than are needed in the manufacture of essential goods. The rich can neither, because they are not economic men, spend their surplus profits fast enough on elaborations, frills, and wastes to preserve the necessary flow of consuming power at a constant rate, nor can they provide new job opportunities at a rate commensurate with that at which men are cast from the production of human essentials. "The newer classes of goods", he says, "differ from the old in the spontaneity with which the people with purchasing power demand them * * *."

Business demands that only enough of necessities be produced to provide maximum market returns. Capitalist sabotage is ruthless. Food will be destroyed, crops burned, shipments of fruit thrown into the harbor, factory production restricted, not because of a failure in physical demand, but because physical demand has not been provided with sufficient claims to wealth to make itself effective. So while business turns with all the machinery of oily advertising methods to securing for itself wealth where it lies in abundance, the worker who is thrown from the production of natural physical and mental necessities is faced with the task of readjusting himself to society. For, according to our way of living, it is only by utilizing the supply of man-hours which he has to offer that the worker can obtain the necessary claims to wealth to enable him to live. And since the standing market for man-hours was not expanded during the decade of the twenties by a reduction in the workday, the worker was forced to carry his excess supply to new markets. He could either:

(1) Create on his own account a demand for his labor energy: He sets up his "hot-dog" stand, buys a taxi, bootlegs, sets up some servicing specialty, or ticket agency, starts a luxury magazine, invents a tom-thumb golf course; or he could:

(2) Wait until capital had created a new "want", had launched enough advertising pressure to squeeze a fresh demand from the market to absorb his energy: He sells Listerine, makes radios, becomes a doorman or a waiter, or thinks up streamline designs for 1929 LaSalles; he can also realize on a demand springing from one originally created by capital and popularized by advertising: He starts a magazine called "Radio", "Motor", or "Vitamin Age."

If only the economic man had that constantly irritating itch for consumption attributed to him by classic economists and good Republicans, all might be well. But he has not. The new goods are less urgently craved by people with claims to wealth; a new obstacle is set up in the making of transactions. An inherent sluggishness clogs the flow of money, which no longer runs spontaneously enough from the higher income groups into active consuming power, neither directly through the purchase of consumer's goods or indirectly through the purchase of plant, new equipment, raw materials, and labor with wage payments.

This is of tremendous importance in any study of unemployment. Dahlberg sums up the immediate issue: "Men displaced by machinery today can be reemployed only when an appetite for new goods has first been created. This results in a continuous lag in the demand for labor on the supply of it, a lag which permanently undermines the bargaining power of workers. The growth of such a situation we objectively observe in low wages and unemployment among the very people who yearn to pour out more money into the patronage of American business. * * *"

Post-war industrial methods, not aware of their implication, introduced a condition in which there was a chronic scarcity of jobs and opportunity as opposed to an ever-increasing labor surplus that of necessity was forced into relatively wasteful enterprise or into providing for itself through the haunting insecurity of odd jobs. The promise America came to offer her wage earners

²⁵ Mills (N.B.E.R.) notes: * * * "An apparent loss of flexibility in important elements of the price structure." Among contributing causes—all highly disturbing to Adam Smith—are suggested: Heavy investment in overhead, price regulation, monopolistic and semimonopolistic control, trade agreements, changed distributive methods, emphasis on nonprice factors in selling, extensive valorization efforts.

²⁶ See Bulletins of the Taylor Society for April 1930 and June 1932.

²⁸ See Recent Economic Changes, p. 117, for reduction in varieties, etc.

²⁹ By multiplying wastes of all sorts, in both production and distribution, artificial scarcity may be retained for a time. "Prices" may thus be maintained and exchange made brisk. Leech, The Paradox of Plenty.

in the latter twenties was slightly increased wages for those still allowed to work, a rapidly diminishing call for work, and increasing unemployment. Insecurity and fear cannot be graphed.²⁰ But that line charted would show an accelerating upward curve during the years under consideration. For another product of new era American industrial prosperity, not quoted on the stock exchange in spite of its heavy increase, was the burden on all charity organizations. The added expenditures leaped far ahead of those that might have been accounted for by population increase. Well before the flood of unemployment broke in 1929 charity was swamped in its effort to continue make-shift wage payments to the industrial cast-offs.

For the first time in 1928 the New York A.I.C.P. closed its annual statement with a deficit and was forced to raise an extra \$55,000 for relief purposes. By September 1 of the same year the Prudential Association of St. Louis had used 94 percent of its funds allotted for food, rent, and clothing. And so the reports run from city to city. The textile regions about Philadelphia dated their depression from 1926, and malnutrition, lack of clothing, and general poverty were rampant in Pennsylvania mining areas in 1927. Wendell F. Johnson, after a study of the increase in sickness, desertion, alcoholism, and imprisonment for bootlegging, had this to report in 1928: "It is unquestionably true that the family agency's entire load is influenced by the problem of unemployment, to a greater degree, perhaps, than by any other social problem." On June 28, 1929, Mrs. Worcester made these remarks at the National Conference of Social Work in San Francisco: "This myth of prosperity if believed will lead to inevitable catastrophe. American prosperity is for only 24 percent of the people, and this percentage owns all the wealth of the country * * *. In the time this excess has been accumulating, public charities have increased their expenditures 132 percent * * *."

The situation in fact could not better be summed up than in the words of the same President Simmons whom I have quoted before. With characteristic insight into the roots of economic problems: "Capital in this country has been generated faster than it is needed * * * with the result that American loans", he proceeds, "could be made without harming our own industrial and commercial growth * * *. The United States today actually has more available capital than it knows what to do with * * *."

Had President Simmons known his Marx his statements might not have assumed the same cockiness. For, more than half a century before, this German follower of Hegel had predicted just such a situation's arising, and it was not one to be attended with rejoicing on the part of those who had brought it about: "Along with the constantly diminishing number of magnates of capital, who usurp and monopolize all the advantages of this process of transformation, grows the mass misery, oppression, slavery, degradation, exploitation * * *. The monopoly of capital becomes a fetter upon the whole mode of production which has sprung up and flourished along with it and under it. Centralization of the means of production and socialization of labor at last reach a point where they become incompatible with their capitalist integument. * * *. The expropriators are expropriated."

Let's look at some of those who might have had suggestions as to what should be done with this capital surplus.

B. THE FORCED OVERFLOW—UNEMPLOYMENT

Early in 1929 the Brookings Institute conducted a survey intended to answer a few of the questions raised by rumors of an increasing army of the unemployed. At that time of peak prosperity estimates ran vaguely from 2,000,000 all the way up to 6,000,000. At that time of peak prosperity it was again felt in other quarters that new industries, new service jobs, and the increasing number of those in professions amply provided for the industrial overflow. Obviously no one knew very much. It was this that inspired the Brookings Institute to research.

Groups of workers from Baltimore, Chicago, and Worcester were selected for study. They represented a large number of varied skills and trades. Each of the 754 workers interviewed was certified by his former employer to have been dismissed for neither inefficiency nor insubordination. It was necessary that internal rearrangements within the plant should have involved an enforced unemployment.

Among the industrial groups represented were both heavy and light manufacturing, textile manufacturing, wholesale distribution, consumption industries, electrical-products manufacturing, piano and furniture manufacturing, automobile sales and service, wearing-apparel manufacturing, printing and publishing, and various retail and professional services. It was a fairly representative cross-section. All workers had been dismissed in 1928.

When interviewed 45.5 percent were still without work. Of these some 29 percent had been jobless for over 11 months. Of those who finally had found jobs when interviewed 56.3 percent had been out of work for over 3 months; 23.9 percent had been idle for over 6 months. Of the total group only 6 percent succeeded

in finding reemployment within a month. Of the total group more than one third had to support the burden of unemployment for over 6 months. Of the total group less than 10 percent resecured their old jobs.

What were the new jobs, and how did they pay?

Only 45.9 percent were able to secure jobs bearing any relation-ship to their former skill:

"Trained cutters with years of experience in clothing factories had become gasoline-station attendants, watchmen in warehouses, timekeepers in steel plants, and clerks in meat markets. An assistant foreman in a wire mill was driving a truck; a rotary-press operator was pressing clothes in a tailor shop; a machinist, formerly in an envelope factory, was selling hosiery for a mail-order house; and a lathe operator was running a mixer in a cement brick plant. One licensed stationary engineer ultimately found a job as a caretaker in a public park; an operator of a welding machine became a farm hand; and an experienced spinner from a worsted-yarn mill took on the job of radio repairman. A skilled German woodworker, who for many years had been employed in a piano factory, was mixing salves for a drug manufacturer at \$20 a week. Many skilled clothing workers had opened cleaning and pressing establishments of their own. Seven of the men had taken up bootlegging * * *"

In short, 48 percent of those who finally secured steady jobs did so at the cost of a sharp decrease in wages. Only 18 percent bettered themselves financially by the change.²¹

During the transition period many eked out their small savings with odd jobs, cleaning automobiles, roadbuilding, distributing circulars, and so on. In 10 percent of the cases the wife went to work. Some rented rooms to outside boarders. 20 percent, when interviewed, had been forced back on to charity. How large a percentage were eventually forced on to charity is not known. In every case the loss of a job meant drastic cuts in food and other living expenses, and in general the evaporation of what long years of careful saving had laid in reserve. In all, the new industries to which had been attributed such amazing powers of absorption employed 15 percent of those surveyed. And last but not least it was found that relatively fewer of those over 45 were able to secure new employment of any kind; those that had, as a group, averaged a longer period between jobs than the younger men. This then, the shrinking age limit for employment, was another contribution of American industry to increasing insecurity.

Hear the wives of Middletown on the subject:

(Husband, a pattern maker, aged 40) "He is 40 and in about 10 years now will be on the shelf. A pattern maker really isn't much wanted after 45. They always put in the young men. What will we do? Well, that is just what I don't know. We are not saving a penny, but we are saving our boys * * *"

(Husband, a molder, aged 51) "He often wonders what he'll do when he gets a little older. He hopes and prays they'll get the State old-age pension through pretty soon * * *"

And so it goes. The gloom of a winter twilight ahead and the chill of futility even in 1928 teaching the 5,000,000 over 65 in the United States, a fraction of whom have savings, the rest dependent on children, relatives, or charity, that the longer life made possible by science is hardly worth living. The speed-up years have made the attainment of an independent and self-respecting old age more difficult in the United States than in any other country in the civilized world. It must be remembered, in discussing relative standards of living, that there is not an important nation of Europe today without its old-age pension system, that from the later years of the nineteenth century it has universally been accepted as one of the natural obligations of the State. But 25 States now provide old-age pensions. The Federal Government recognizes no obligation.

To return to the jobless. Just what could 1 of the 2,000,000 or more unemployed in the year 1928 do about his own case? Just how much could self-reliance, a sense of economic independence help him out? Take a man 35 years old. He is in good physical condition. He has skill and training acquired from a working-lifetime's acquaintance with his job. All his life he has worked in a machine shop. Suddenly he is given a week's notice. New methods are to be introduced. He will be one of 250 to be dismissed. The company is retaining 30 men to do their work.

His ability he wants, if he can, to preserve. It is the fruit of his own life's experience, a grown part of him. It is a part of the very concept of self-reliance that he should not accept the first ditch-digger's job to come his way. He studies the want ads every night. Every morning he is up between 5 and 6 to be at the factory gates before the crowd. Interviews at factory gates begin at 8. By 9 or 10 he has been told to come back again tomorrow. So it is too late to try elsewhere that day. That day has to be killed somehow. A man does not seek cultural enlightenment with economic insecurity sifting away underfoot. The day is just plain killed.

He may wonder about chances in another town. But there is no way of obtaining accurate information. Once upon a time outside employers ran want ads in the local papers. But local manufacturers have decided that this practice is apt to be dangerous. It is

²⁰ Out of 8,515,237 industrial insurance policies terminated during the highly prosperous year of 1928, only 9.4 percent matured normally. The total loss accruing to wage earners through lapsed, surrendered, or expired policies amounted to \$1,988,911,000. See p. 126, Epstein, *Security A Challenge to America*.

²¹ Isador Lubin, *The Absorption of the Unemployed by American Industry*.

of high importance that the supply of skilled labor be kept plentiful at home. Therefore, not only have outside ads been suppressed, but the move has also been coupled with a propaganda campaign of false optimism designed to keep local hopes running high during spells of unemployment.

He tries a free State employment agency. But it handles nothing in his line of work. The free employment agencies have fallen into a general decay. Calls for gangs of unskilled labor are about all they get or deserve. Employers prefer to do their own picking at the gate.

With resources dwindling away he decides to gamble on one of the fee-charging private agencies. The one he picks happens to have been honest. It merely reports nothing doing. But in applying to one at all he was running the following risks (practices common to the private agencies):

(1) Of having from five to ten dollars extorted from him for the privilege of watching an elaborate pantomime staged in his behalf; letters are often sent off to persons in no position to offer jobs. The payment, however, must be in advance, and there is no means of checking the sincerity of the activity it appears to have aroused. And often, should a job turn up, he is forced into pledging a large percentage of his first month's pay before he is told where he may report.

(2) Of falling into the hands of an agency in league with local factory foremen with fee-splitting understandings between them: The fee is \$10. Half of this goes to the agency supplying the man, half to the foreman supplying the job. Obviously the greater the supply of fee-paying men the less time the job will last. One firm in Buffalo, for example, hired and fired 500 men in 6 weeks, the foreman and agency each making \$5.00 a man. In Camden, N.J., one agency supplied one job with 22 men in 60 days. The variations on this theme are endless. Sometimes, when the applicant is penniless, he can be persuaded to pledge his first 2 weeks' pay. Under the fee-splitting arrangement another Camden firm regularly employed men with such pledges for 2 weeks and then dismissed them. The agency would thus receive 1 week's wage for supplying the man, the factory 2 weeks' work, the man nothing.

(3) Of paying a fee on the assurance that a job had been found, and then of finding no job at the establishment to which he had been referred. In this case the employment agency will be truly sorry but will find it impossible to return the fee: service charges. In some cases an appeal to police protection will return the money, but more often agencies will have found it expedient to keep the police on their beat well satisfied. Too violent an attempt to get money back will merely mean the arrest of the job hunter. New York police are quick to suppress such violence.

(4) Of having working conditions in firms and factories deliberately misrepresented to him. The dangers here are far less for a man than for a girl. If the job to which he has been referred should prove dishonest or one involving lower wages than those represented, etc., he need only walk out, save in cases where his traveling expenses have been paid and he is bound either by obligation to his employer to remain, or because he would otherwise be stranded. Girls are not always able just to walk out of apparently innocent jobs once they have been proven otherwise. Mass unemployment is a rapid breeder of prostitutes; sexual attraction is one commodity with a steadily persistent effective demand.

(5) Of having to pay greatly stepped-up fees for the privilege of a job when times are hard and he can least afford it. Private agencies fatten off depressions. In their case the laws of supply and demand work with rare beneficence. At times, when jobs are scarce and applicants are many, the job can even be auctioned off to the highest bidder.²²

²²A few years ago it was estimated conservatively that there were between 3,000 and 4,000 private fee-charging agencies in the United States. New York City alone boasted some 1,330. Attempts to legislate them out of existence on the part of several of the States were blocked by the Supreme Court. Efficient public agencies and greater precaution in issuing licenses are the only methods of getting at them. During the winter I employed a man to keep in touch with some of the activities of the Sixth Avenue agencies in New York. He not only followed the story through from start to finish of a number of jobs secured through these agencies by keeping in contact with the individual concerned, but also by loitering about in their waiting rooms and observing their methods, and by keeping his ears and eyes open and by pressing conversations, made a general survey as far as possible of this legally protected system of profiteering off human misery and desperation. In addition to the usually recognized abuses listed above he was able to report a number of refinements, for one of the merits of competition is that it keeps a business to greater proficiency in its line of trade. It is enough to know, however, that the agencies are of course enjoying a boom-time lift. His estimate that 75 percent of the New York private agencies are dishonest has of course no statistical backing. It reflects merely the general impression gained by one man from random specific observations and a host of cumulative rumors. Their only service is that at present they are the only available clearing houses for the many odd jobs that crop up during a city day. One agency, for example, has a constant demand every morning at 6 a.m. for extra dishwashers needed for the day by restaurants. It makes 25 cents out of each of these \$2 jobs.

At any rate our job hunter came safely through his private-agency experience. But how long can he hold out waiting for a job to match his skill? Machinists in tool shops were among the higher paid groups of industrial employees. It was Secretary of Commerce Hoover's boast of December 1927 that the average wage for manufacturing industries had reached \$1,280. Granting our man an annual income of approximately \$1,500 would place him far above the average, and, allowing for fluctuations in various parts of the country, would reflect generally the wages paid in machine shops in 1928. Since he is average in every way, he must also have a wife and three children to support.

How long then can he hold out on his savings?

He was dismissed in a year when thrift was a virtue more to be praised in our sturdy ancestors than in the living by our best publicists and advertisers. It is only today, when productive facilities are still greater than they were in 1928, that publicists have again come to recognize thrift as an inherent virtue in the American workingman.

Obviously we can only talk in terms of mythical averages. But the following figures give more meaning to an income of \$1,500 than it can contain in isolation and unrelated to anything else. Under urban conditions it has been estimated that \$1,800 will support a man, wife, and 3 children at a bare subsistence level; to live at a minimum for health and efficiency a similar family would have to aspire to an annual income of \$2,100 a year. But even assuming our man had a son old enough to do odd jobs, to keep him within the group of averages, it is unlikely that the family income could have reached that height. In a cross-section investigation of American industrial life conducted by the Bureau of Labor Statistics under Ethelbert Stewart (since dismissed by Secretary Doak for showing a dangerously nonpolitical respect for the integrity of figures) it was found that 92 percent of the wage-earning families of America—and that means family, not individual, earnings—were below \$2,100. We cannot place our average man and his family in an aristocracy of 8 percent.

Unless our man then had denied himself to an extraordinary degree he faces a lay-off with practically no prop of savings to preserve what possessions, what standards of decency, and what normal self-respect demanded he purchase for himself and his family. Nor can the budget estimates quoted above be discarded as reflecting sentimental wish-fulfillment on the part of well-meaning social workers. Those quoted are lower than a number of estimates; infinitely lower than those that take in the potentialities offered by modern living conveniences. They provide for practically no recreational activities, no reading matter beyond a newspaper, and the allowance for food is less than that provided for Federal prisoners in Atlanta, Ga.

Unfortunately living demands do not fluctuate in accordance with factory lay-offs. The job is the one foothold this man has on life. And the claims to wealth received from that kept him in a state of chronic want. The sickness of any member of the family, even when the job is steady, is more than enough to crack one year's budget. Loss of a job, however, means the scrapping of all plans looking into the future.

The main struggle of this man will be to keep out of the ranks of unskilled labor. Once he slips there is no getting back. Therefore, after exhausting every means of finding work suited to his ability, he will quickly be forced into falling back on what odd jobs he can pick up to tide him over. He is trustworthy, so the local butcher, grocer, and baker may allow his bills to run on for a time. But gradually other things slip away. All the several symbols of a slow climb toward respectability and progress, plates, furniture, personal belongings from a watch to his wife's wedding ring, all must gradually slip through the fingers, become food, and be eaten. The home itself cannot last many months of this. Perhaps before the four walls go, however, the inside cracks. To help her husband cling to his economic station, the wife goes to work, and the children go to neighbors.

There is no need to trace the slow drainage further. The direction of the flow is obvious. How long it is to continue depends not on the man, not on his native ability or acquired skill, but on the chance cracking open of his environment. But he has been taught not to believe this. And if he has faith in himself, he bears the burden of shame, too. Other men may go jobless, may lose all they had, but nothing like that can ever really happen to him. Something must turn up. So, borrowing from friends, cutting down drastically on food requirements, on clothing expenditures, letting the house go with all it represents of years of painful saving, moving into cheaper quarters, a slum area condemned 20 years ago, supported by his wife and the odd earnings perhaps of a child, struggling away from the last degrading and humiliating step toward which he is all the time slipping, application to charity, this man watches happen to him, always disbelievingly, what has happened to others. He is the main actor in his own nightmare. And at the end he discovers with a dazingly clear fine shock that he is quite ordinary. The solid world has crumbled beneath his feet, and he is nobody. And if, somehow, sometime, the job he wants should turn up, it is not likely that he will face, hopelessly in debt, the long hard road of saving with the same zest with which he first began it. You cannot start over again all the time. And he has discovered that no native ability or personal ingenuity can save him from playing the role that he has been taught to despise others for playing; even he cannot keep a home together, cannot feed his own children, must

rely on his wife, on private charity intended for paupers and cripples.

This is not a pleasant discovery.

The psychological effects of unemployment cannot, as I have suggested, be charted. Not that it would do any good if they were. The men who pay such flowery tributes at banqueting time to the faith, sturdy diligence, thrift, self-reliance, and patient loyalty²³ of the American workingman do not suggest by their public chantings that they possess even the not overquick imagination capable of understanding effect until it hits them in the stomach, cause unknown. They reveal themselves incapable even of facing stark reality, let alone the implications of industrial interdependence. Those several men in business who are equal to such understanding, save in isolated instances, are unable to act upon it, for our industrial tempo has been geared to those who are not.

There is much talk of the beautiful sanctity of private property coupled with lofty sniffings at "fumes brewed in the witch's cauldron of Moscow." Yet we are the one Western nation that refuses to take the first precautionary steps toward protecting it from the myriad economic storms that can utterly destroy it in one man's lifetime. Capital investments, to be sure, we have adequately protected against the fluctuations, cyclical and seasonal, of industry. The obsolescence of machinery is guarded against, the depreciation rate being properly regarded as a fixed charge in industrial undertakings. And when capital is temporarily unemployed, if management has been at all efficient, it receives its dole. It is a myth to talk of "earnings" when machines are idle. And no one has as yet suggested that self-reliance and thrift and independence are seriously undermined by these elementary evidences of efficient management: such measures are merely a recognition of the fact that security of income is the first essential in the planning of any life.

One wonders whether or not beneath the hazy words of high oratory it is really assumed that the need for food, shelter, clothing, and the maintenance of common decency of the American wage earner fluctuates in strict accordance with the need for his work. Such an assumption is not, of course, seriously made, yet the echoes of ancient faith persist: "If the individual surrenders his own initiative and responsibilities, he is surrendering his own freedom and his own liberty. Ours must be a country of such stability and security as cannot fail to carry forward and enlarge among all the people that abundant life of material and spiritual opportunity which it has represented among all nations since its beginning."

Of course, such words do paint glowingly a faith we believe we cherish more than other nations of the earth. The fight—and its emotional vigor cannot be jauntily ignored—is to preserve the wage earner from being treated like a machine. Stripped of warm honey, however, such words reveal a mind so warpedly blind that even the most terrible physical torture in the physical world is not able to disturb the roseate picture superimposed from the psychical world. Such words do not show a willfully cruel man, merely one witlessly stubborn.

The confusion arises from a refusal to recognize that all men share certain machinelike qualities; fuel must be burned before energy can be directed toward any task. And the very nature of our economic system, dependent as it is upon a specialization of human labor as well as of whole communities to production that is worthless save as it is related to the whole, enforces the utter material reliance of one man upon another for the right to life itself. It would be a strange spirit of individualism that could be destroyed by a sane admission of this fact. Yet the fight has gone on over a period of years to save the spiritual strength of the American wage earner while his body is invited to rot into silly weakness, and those of his children into distorted growth. The soul, beautiful in spite of physical ugliness, rich in spite of physical poverty, clean in spite of physical filth, independent in spite of physical dependence, has always been a myth of puritan fabrication.

Unemployment and poverty would be impossible today were there mere physical forces to contend with. That fact cannot be overemphasized. The stink of a thousand slums is more than a mere physical peculiarity of our civilization.

We may wonder at the depth of our present depression. But it is not wondrous. A little over 10 years ago, after investigation, discussion, and recommendations, the Government turned over the solution of unemployment to private industry. Private industry was profoundly touched by the recommendations and contributed some further ones on its own account couched in even more morally uplifting phraseology. The discovery that business

²³ "There have been a number of violent manifestations resulting in deaths, injuries and destruction of property. An undercurrent of resentment, disaffection, and threats is becoming more prevalent, and it is believed that lack of program and leadership among the unemployed has prevented more serious outbreaks . . ." H. L. Lurie, statement before Senate Committee on Manufactures, Jan. 3, 1933. It might also be added that outbreaks, particularly in automobile regions of the Middle West, during depression years have not received publicity.

cycles were things of the past relieved it from the burden of voluntary action. It still retained its right to destroy the property, crack up the lives and bodies of American citizens according to private whim and business hunch. It still retained its right to make public charges of its employees on the slightest provocation. A mere handful of industrial concerns took the first preliminary steps toward assuring a minimum of security to those in their employ. The classic examples of those who have sought to pluck order out of chaos are the Hill Bros. Co., preservers of dates; the Columbia Conserve Co., food canners; the Endicott Johnson Corporation, shoe manufacturers; the Dennison Manufacturing Co., paper novelty producers; the Proctor and Gamble Corporation, makers of Ivory soap; the S. C. Johnson Co. of Racine, Wis., varnish manufacturers; the Knox Hat Co.; and, last but not least, the General Electric Co. In each case efforts toward stabilization naturally have brought definite and tangible financial rewards to the company as well as a sense of security into the lives of the workers. And in each case this has been reflected in the life and appearance of the community surrounding the area so affected. In the December 1932 Report of the Bureau of Labor Statistics, after 3 years of depression, is a statement issued by each of the firms listed above as well as by the few others that have taken similar steps, reaffirming their confidence in the regularization schemes adopted during boom years; those that have in addition covered their employees with unemployment insurance show equal enthusiasm. But their welfare projects are on shaky financial legs.

And in spite of these firms, today, more than 10 years after the President's investigation committee met and conferred on the problems of unemployment, less than 1 percent of the workers in the United States are guarded against fluctuations in employment, and many of these are under trade-union protection. There is nothing wondrous in the depth of our present depression. The lives and fortunes, bodily as well as spiritual, of the vast majority of our people are still at the mercy of a chaotic and disorganized industry, and for this privilege they pay, physically and mentally.

What, for example, can the people of a town like Toledo know of the stability and security Mr. Hoover prized so highly? It is a town dominated by one industry, the Willys-Overland Motor Car Co. The 200 other small local industries float on the tides of good times and bad out at the plant. So, too, do the fortunes of every independent storekeeper in the vicinity. At the time, not so long ago, when it looked as though the Willys-Overland could look forward to putting the camel among the technologically unemployed in Central Asia as well as expect heavy sales in darkest Africa, radio and newspaper advertising campaigns sucked the surrounding countryside dry, and labor hustled to Toledo. This story is duplicated throughout the Middle West.

Automobile factories do not like to get caught short-handed; things are always apt to open up. And so as orders come and orders go men are hired and fired. The promised weekly pay check of \$38.50 that sounded so fine coming in over the radio does not lump so large as it trickles in over the year. It averages for the lucky from \$1,300 to \$1,400 annually in normal times on the hired-this-week, fired-that-week system. The skilled jobs are apt, of course, to be steadier and average higher. But the community itself is actually no more than a vast reserve labor pool created by oily advertising methods for the benefit of the industry that brought it into being. In dull times the pool goes stagnant. Local business enterprises fail; banks sway. False promises and organized newspaper propaganda keep hopes up and the labor market glutted. That is the industry's sole concern. Charity and groceries on increasingly inelastic credit pay its wages, until local funds are exhausted and grocers ruined. The community lives off tomorrow. Seven thousand five hundred men to be taken on at the plant in the morning reports a local paper. The morning comes and five are hired.

In March 1929 there were 28,000 on the Willys-Overland pay roll. In November 1929 there were 4,000. Between October 1929 and December 1930, the number of new cases at the Family Relief, run by the Social Service Federation in that town, multiplied itself by 5.²⁴

"We have learned", said President Miller of the company, "that maximum production does not pay."

That is indeed consoling. But it still remains a matter of some conjecture as to how much longer the Nation can afford to regard itself as a free experimental laboratory for the self-education of its industrialists. The job is still the navel string of the Nation's consuming power.

The results of industry's costly experiments at putting its own house in order are summed up by Mrs. Worcester writing in the Survey in 1928: "We look again at the United States, the twentieth century Ceresus: wealth, vast quantities of wealth, enough to abolish poverty throughout the land; 90 percent of this wealth owned by 13 percent of the people; 77 percent of the people owning no smallest portion of it; 50 percent of the national income going to capital; nowhere in all the land any evidence of a single industrial group in which the annual income of a wage earner is sufficient to enable him to support a wife and three small

²⁴ The above from a report covering an investigation of Toledo by Beulah Amidon published in the Survey.

children in accordance with the low standard set by a group of employers; the average wage for the country as a whole, \$1,280 a year, dooming the worker who is the father of dependent children to chronic want, forcing him into an acceptance of public or private charity in the event of any of the ordinary disasters of life—unemployment, sickness, death; and these same charities quadrupling, quintupling their budgets in a single decade. This is the richest nation on earth; this our amazing prosperity!"

That it was an amazing prosperity is not even questioned in the circles of highest finance. Our friend, President Simmons, seems always able to contribute the right word at the right time. And furthermore, in seeking the germs of unemployment, his utterances shed continual light on the long sequence of cause and effect: "Our great national prosperity," he said not long after Mrs. Worcester had written, "is not yet thoroughly understood . . . Few, if any of us, have as yet satisfactorily analyzed its basic causes . . . That it has been accompanied by an enormous expansion in our facilities for production, and that the financing of these expanded productive facilities has been largely accompanied by increased issues of securities, seems self-evident. With the larger perspective," he goes on, "which future years will provide, we may well come to realize that there is an integral relationship between national prosperity and activity in the security business, and that to artificially hamper or interfere with the latter is inevitably to imperil the former . . ."

Such words clearly suggest, though they do not prove, that it is only in wonderland that Cheshire cats can grin long without body. It is for that reason that one is turned toward a more precise examination of the body as a whole.

C. UNEMPLOYMENT AND MARKET OUTLETS

"In this and every other highly developed industrial country, domestic consumption is now the key to every vital economic question. It has become the basis of industrial stability, the source of business profits, the measure of standards of living, the ultimate test of social progress. It sets the limits of profitable capital investment and industrial expansion, establishes the value of corporation securities, and must determine the fiscal policies of government."³⁵

All that follows is to be considered in the light of our present policy of wage deflation—in order to determine whether or not our general failure to realize what aided in precipitating the depression has not increasingly led to its further depth and intensity.

Briefly these facts have been noted:

(1) Our combined export and tariff policy, while contributing to the general depression of world prices, has been matched by every other manufacturing country in an effort to maintain financial stability at home. Our exports, during the entire era, were a comparatively negligible factor compared to our total production. Their decline, since never were they more than 7 percent to 8 percent of our domestic market, does not materially affect what may or may not be done at home. In 1929 they amounted to only \$7,490,000,000.

(2) This is of tremendous significance. It means that the burden of supporting from 90 to 95 percent of a rapidly expanding wealth of production fell on the domestic market, where insatiable desire now can only be expressed in terms of a correspondingly rapid expansion in wage, salary, or other income return.

(3) The speed-up and shift in industrial method and field resulted in a continuous transitional flow of labor. The unspontaneity of new demand resulted in a continuously increasing lag between job and job. New employment was increasingly characterized not only by a reduction in wage return but by the non-essentiality and precariousness of the job found.

(4) The more rapidly expanding new industries—automobiles, radios, and electrical appliances, as well as building—were marked by one characteristic: durability, indicating that once an absorption point was reached the turnover demand could only artificially be stimulated by advertising pressure, and new-model frills—their natural exhaustion rate, as compared to clothing and food, was slow. Slack was inevitable as long as the consumer's market was not allowed to expand in accordance with productive capacity.

(5) This period was marked—disastrously—for the first time by a break in the normally existing relationships between the volume of production and the number of work hours required to produce it—between the amount of wages received and the value added by manufacture; in 1923, 46.6 percent of the total value added by manufacture returned to capital—by 1929 this had increased to 51.4 percent; in 1923, 42.6 percent of the total value went into wages—by 1929 this had decreased to 37.2 percent.

(6) Finally the consequences: A surplus of capital hunting aimlessly for profitable investment—an enormous amount of construction of producers', as opposed to consumers', goods—a so-called "saving" through investment that was far more disastrous and riotous than any amount of spending—a burden of spending, because of capital savings, falling directly on a relatively underpaid consuming power that mass-credit facilities could only temporarily handle.

Therefore for the next few pages I want to put aside all thought of the social justice of the inequitable distribution of wealth and merely inquire into its economic soundness as it manifested itself during the years of prosperity. Political oratory only ob-

scures the issue. But if it is not economically justified, then steps toward a redistribution should be taken to preserve even the rich themselves. After all, savings as represented by dead capital equipment; machinery, however efficient; factory plant, however expensively constructed; warehouses, however crammed, are useless. Only money in the pockets of the multitudinous army of consumers, as far as a business man is concerned, can touch this dead matter with the spark of life. Money—consumer's purchasing power—is the kiss to waken this sleeping beauty.

Recipients of wages and salaries are of dominant importance in our domestic market. Those that receive less than \$3,000 a year account for over 67 percent of total purchases. And income groups below the \$5,000 line purchase 78 percent of the total. In 1929 they consumed \$65,143,000,000 worth of goods and services out of a total \$89,000,000,000 of individual consumption. The group represented by the majority of wage earners, teachers, bank and store clerks, telephone operators, stenographers, and so on—receiving incomes of between \$1,000 and \$2,000—while it accounts for more than 36 percent of total domestic expenditures, spends more than any other income group for its food, clothing, housing, and what other essential and few luxury services it can command.

It is evident from this division of consuming groups where attention must be focused for any consideration of the basic health of the American economic system during its era of great prosperity. For it is equally evident that the pressure to support an increasing volume of supply must be least bearable where demand is allowed least leeway; that is, a major percentage of the expenditures of the lower-income groups, of necessity, in order that bodies may live, must go into food, clothing, and shelter.

The failure to grasp this fundamental principle of economic A B C's on the part of those responsible for the wage and salary policies of the United States during its boom period fill their high chantings, in retrospect, with a moon-struck hollowness. On close examination the so-called "economy of high wages" does not look impressive.

Look at manufacturing wages, for example, comparing them at the same time with the value produced. In 1923 total wages paid in manufacturing industries amounted to \$11,009,000,000. In that same year the value of the product was \$60,556,000,000. The total value continued to increase: 1925, \$62,714,000,000; in 1927 it had become \$62,718,000,000; and in 1929 it jumped rapidly to an all-time high of \$70,420,000,000.³⁶

Bear continually in mind that, save for a negligible percentage, American manufacturers depend on the domestic market. Now, how did wages fare during this period? While the value of products climbed over \$2,000,000,000 between 1923 and 1925, total wages payments actually decreased by over \$270,000,000. From then on they picked up slowly, reaching in 1929, \$11,684,000—a total increase over the 6-year period of \$675,000,000 to match an increase in value of goods produced of \$9,864,000,000.³⁷

Who was to absorb this additional \$10,000,000,000 worth of goods? Evidently not those who had produced it. For while the physical production of goods had rocketed, the total real pay roll of those engaged in manufacturing not even for one brief high spot in 1929, in spite of the dollars-and-cents appearance, amounted to what it had been in 1923 when physical production was far less. It must not be forgotten that it is not wage rates, but volume of wage payments in relation to volume of goods produced, that is of importance.³⁸

Who then was to absorb it? The farmers? That is a silly question. Wage earners outside of industry? The total wages received by all wage earners in the United States declined from 1927 on, in spite of the slight increase shown by those in manufacturing. Nor is the total increase in salary payments any more reassuring.

Year	Manu- facturing	Mining and oil	Mercan- tile	Trans- portation	All in- dustries, including agricul- ture
1920	\$1,400	\$1,464	\$1,216	\$1,597	\$1,273
1921	892	1,077	1,159	1,248	983
1922	996	976	1,009	1,179	1,012
1923	1,195	1,408	1,159	1,333	1,150
1924	1,152	1,193	1,214	1,303	1,134
1925	1,195	1,250	1,219	1,387	1,176
1926	1,234	1,324	1,299	1,428	1,217
1927	1,216	1,224	1,262	1,436	1,207
1928				1,276	

NOTE.—Wm. King, the National Income and Its Purchasing Power, quoted by Epstein.

³⁵ Statistical Abstract of the United States.

³⁶ The trend is summed by Mills in Economic Tendencies: "For manufacturing labor the excess of rewards was steadily reduced (as a result of declining labor costs) after 1921, and was wiped out by 1929, but for ownership and management an excess of rewards over apparent physical contribution . . . persisted through 1929."

³⁷ Average annual earnings of wageworkers taking account of actual unemployment.

³⁸ Virgil Jordan, Bulletin of the Taylor Society, October 1932.

Again, throughout this period, it was generally assumed that though the purchasing power of factory workers was not keeping pace with the volume of goods produced, that wages and salaries coming from the new service industries, trade, public utilities, and so on made up the deficiency. These new services thus are the bulwark of those who argue away the need for concern over increasing technological and efficiency unemployment. I quote from Emmet H. Welch, research associate in the University of Pennsylvania: "To the extent that these nonmanufacturing industries have afforded a means of investing additional capital and employing labor, they have acted as a temporary offset to deficient consumers' purchasing power distributed in manufacturing industries. However, the services created by these nonmanufacturing industries have to be paid for out of consumers' purchasing power (viz, advertising, etc.) and contribute further to the discrepancy between consumers' purchasing power and production unless all of the purchasing power distributed in the production of their services is used for consumption purchases."

There is no escaping the consequences of our mass-production methods. Wage and salary earners are the masses. They must receive purchasing power adequate to absorb the goods produced. It is obvious, however, from this brief survey of the period, that an obsolete and misapplied sense of self-interest led industrialists and financiers, as a group, directly to suicide.

Evidence in another direction that they failed to face the implications of new production technique comes from the rapid rise of mass credit facilities. In 1927 it is estimated that 60 percent of all automobiles, 80 percent of household equipment—from pianos and radios to vacuum cleaners and washing machines—75 percent of tractors, 10 percent of all farm machinery, and 25 percent of jewelry was sold on the installment plan. Mass credit, it is estimated conservatively, did business at the annual rate of \$2,482,000,000. Credit sources ranged all the way from loan sharks charging annual interest rates up to 480 percent and doing a business of \$750,000,000 annually to remedial loan societies of semicharitable characteristics. This is one outcome of the new era almost utterly ignored by economists, and emphasizes eloquently the inadequacy of wage scales based on former production technique. There is no call to go farther into the matter here. But it is evident that those in control of industry were far more concerned over what could immediately be plucked from it in the form of profit than in either its basic financial health or in the steady maintenance of more moderate profits over a longer period of time. There would be no call even to stress a point so obvious were it not for the mass of ballyhoo summoned up to obscure the issue. And it is furthermore futile to look for remedies in mere trade agreements.

Let us look into the earnings of capital for a moment.

In 1922 the total of dividends paid by all corporations was \$930,684,000. By 1929 this figure had ripened to the lush total of \$3,478,000,000. Bondholders and banks were no less well off; all corporations paid an interest in 1922 of \$2,469,000,000—and in 1929 of \$7,588,000,000. The "Golden Era", from this high pinnacle of finance, is indeed well named. Mr. Frey, writing in the American Federationist for July 1931, points out further that during this same period Federal Reserve banks had increased their capital from \$1,900,000,000 to \$2,700,000,000, their surplus from \$1,600,000,000 to \$2,800,000,000, dividends paid on their stock from \$246,000,000 to \$408,000,000.

In short, this period showed tremendously increased production, a declining number of wage earners, a declining pay roll, and a tremendous glut of surplus capital that could do little more than further increase production, eventually force down prices, intensify the always present fear of economic insecurity, until it had gnawed away its very foundations and plunged millions into a fantastic starvation amid the very strongholds of its own saved surplus—cramped warehouses, idle plants, and funds crying for profitable investment.

Mr. Frey concludes, and he is right as far as he goes: "The outstanding facts of the so-called 'period of prosperity' from 1922 to the end of 1929, present a depressing picture of economically unsound and destructive business policies. There is little if anything in the basic statistics to encourage or create confidence in the future. It is apparent that during this period the American wage earner was considered almost wholly as a producer of wealth and that he was disregarded as consumer of the Nation's products It is the breakdown of this 'home market' which has stilled the wheels of industry and created the condition of unemployment which contains such grave elements of danger. We will not refer to the many alleged reasons given for the depression. Some of them are absurd, a few partly true, but all of them carefully avoid reference to the principal cause—the payment of wages so completely out of economic relationship with the wealth being created that these wages actually forced continually lessened sales of manufactured goods in the United States, the one great market for American products"

"Poverty and insecurity in a world of abundant resources and of gigantic powers which have been effectively matured and put in harness for human service is a monstrous stupidity. It is not a deprivation imposed upon us by any lack of national opportunity, but a failure of human intelligence. Given the resources, their distribution is not a question of natural limits or inevitable laws

from which we cannot escape, but of ordinary, sensible human arrangements It is the conduit, the system of distribution, which is the thing alterable at human will It is our production capacity alone which sets any limit of natural law to our possible standards of living It is the aqueduct which must be made capable of carrying the available supplies, and not the supplies which must be restricted to the carrying capacity of an inefficient aqueduct" writes Fred Henderson in his *Economic Consequences of Power Production*.

How far from this conception of an economic system capable of producing an abundant surplus were our industrial and financial prophets as they plunged into depression we have observed. Rather than sharing with industry the new profits of increased production at lower unit cost, ownership channeled the wealth back to itself. In the meantime every known appeal to pride, emotion, and patriotism itself was made to wage earners to spend immediately their trickle of earnings buying goods to support American prosperity: Buy—buy—buy—even if you must borrow. The whole high-pressure drive toward production was accompanied by nothing approaching stability or sanity. It was accompanied only by intensified pressure on the majority of the middle class, including the professional groups, and on the wage earner, that served to turn life into an increasingly chaotic struggle to maintain not only appearance but economic station itself in life.

Added to this was the campaign conducted by the Treasury Department to reduce taxation on great wealth. The excess profits tax was repealed. Income taxes on the higher brackets were reduced.¹ All sane efforts toward stabilization were killed. The report of the coal committee was dumped. Agriculture was ignored. And the President boosted the stock market.

Thus normalcy, rising to fever heat, expired. Now comes the spectacle of watching the wise men—having once scratched out their eyes by jumping into the bramble bush—flounder again, deeper and deeper, with profound faith in Mother Goose.

National income tax paid on salaries in United States, France, and England by married man with 1 child, 1932

Income	United States	France	England	Income	United States	France	England
\$1,000		\$24	\$39	\$10,000	\$448	\$1,998	\$2,240
2,000		98	202	50,000	8,568	18,578	22,392
5,000	\$84	709	802	100,000	30,068	40,245	52,492

NOTE.—25.5 francs=\$1. £=\$3.20.

The following parallel columns of figures speak for themselves. Just as a badly outrun purchasing power helped plunge us into depression, so a ruthlessly slashed purchasing power has swallowed us into its depths. The first column shows relative amounts paid out in wages by manufacturing establishments reporting to the United States Bureau of Labor Statistics. The second column shows total interest and dividend payments by American corporations by years, according to the Standard Statistics Co. Both columns start with the base year 1926=100.

	Relative amounts paid in wages	Relative dividend and interest payments ¹
1926	100	100
1927	97	129
1928	95	137
1929	100	173
1930	80	196
1931	60	187
1932	42	155-164
1933 (March)	33.4	

¹ Paul H. Douglas, *World Tomorrow*, Dec. 28, 1932.

² 1932 estimated.

The tremendous drop in wages, besides reflecting unemployment, is the result of part-time work and reduced hourly rates. From these figures it is clear that while wages have been slashed almost 70 percent below their 1926 level, dividend and interest payments, in spite of the decline since 1931, are still approximately 60 percent above their 1926 level. This reflects the careful building up of reserves.

It is insane that the most vital part of the consumers' market to industry, for its own self-preservation, is not similarly protected.

Do "natural economic forces" affect only wage earners? They have been overcome so far as investors are concerned.

In the year 1932 all wage earners received approximately \$30,000,000,000 less in wages than in 1926. In the year 1932 dividends and interest paid approximately \$7,000,000,000 more than in 1926. There is only one conclusion to be drawn. Unemployed capital is living off a dole supplied by the wage earners of the country.

² These figures throw interesting comparative light on our taxation policy. They are compiled by the Chase National Bank;

These figures reveal the essential futility of talking of and probing into the causes of unemployment. Until unemployment of men is considered as great an industrial hazard as the unemployment of capital investment and reserves built accordingly, unemployment causes and cures remain a rather academic discussion. It is with this warning that I proceed to just such a discussion.

III

UNEMPLOYMENT, STEPS TOWARD A CURE

A. UNEMPLOYMENT IN AMERICA

All figures on unemployment in this country, owing to our almost complete indifference to it up to now, are inaccurate—estimates only. In some cases they reflect at best the political prejudice of the compiler. The most careful studies show, however, that the relative volume of unemployment in the United States has consistently been on the average nearly twice that of pre-war Britain; that during our recent boom period the average for four major groups of industry has consistently increased; and that our total post-war average, in spite of the new and rapidly expanding industries that developed during that time, was only slightly under England's during her decade of greatest distress.

There are several immediate reasons, besides carelessness, why we should suffer so in comparison with England:

(1) Our climates change with greater intensity. Winters are really cold. Summers are really hot. In England they only talk about heat waves. They never have them. This reacts violently on producers of food. We change our diet with the weather. That is a refinement of civilization England has most certainly never had urged upon her. Meats and carbohydrates turn to fruits, vegetables, cold drinks, and ice cream. We have our own and varied winter sports. We tend to buy our automobiles at one time in the year. Building trades, though with increasing unnecessary, suffer tremendous seasonal fluctuations. And all this is in turn reflected back on to producers of raw products, capital equipment, and carriers.

(2) Style rules more mightily in the United States than in England. That clothes can be made to overleap class stratifications imposed by income is meat for the advertisers. Fads come and go with greater violence. And manufacturers, rather than attempting to restrain, urge on the tendencies outlined. New models, frills, elaborations, and artificially induced obsolescence clutter the markets.

(3) There are constant geographical shifts. New cities and districts explode into sudden building booms showering all corners of the land with the wreckage of blasted expectancy. Industries are given to wandering about in a vague sort of way. First we build too many cotton mills in New England; then we move down South and build too many more, all the time with a high medicine chanting: "It is highly important," says President Simmons of the New York Stock Exchange in Atlanta in 1929, "to such a new but rapidly evolving section of our country as this, that no impediment be placed in the way of the long-term security financing which the great economic opportunities here so manifestly justify and deserve * * *." And men talk of vision and the unfulfilled dreams of the new South, while New England turns into a hollow shell sucked dry.

Some idea of the roving nature of our industries is contained in the table below. They squat nesting, disgorge their spewings over the countryside, and, having lain in their own filth for a time, hatched their eggs, move on, leaving in their train strange grey ghost towns and bewildered men. They are birds that seldom return.

Regional labor shifts

	Factory wage earners, 1919-25	Percent of change	Farm population, 1920-25	Percent of change
New England.....	-229,173	-17.0	+19,076	+3.7
Middle Atlantic.....	-381,614	-13.3	-82,806	-5.5
East North Central.....	-53,819	-2.3	-314,674	-8.3
West North Central.....	-46,815	-9.3	-177,704	-4.6
South Atlantic.....	+21,622	+2.7	-524,149	-11.4
East South Central.....	+26,769	+8.1	-387,672	-10.3
West South Central.....	-20,084	-7.0	-325,440	-8.6
Mountain.....	-8,842	-8.1	-108,828	-12.7
Pacific.....	-20,155	-4.6	+13,225	+1.6

(4) A comparison of the respective tempos of English and American industries suggests another reason why we have a larger percentage of men struggling to keep up with ever-receding jobs in spite of industrial expansion. From 1907 to 1924, for example, England's output per capita increased 4 percent. Ours rose 45 percent. England's total production increased by 23 percent, while ours increased by 80 percent. Our business men have never been cured of a certain inherent optimism, the reasons for which I have attempted to probe, that leads invariably to an overbalancing of industry. The speed of output is increased. The unit cost of output is decreased. Wage rates do not keep pace. Markets are glutted. Men are expelled. And another transitional stage sets in. The assumption is that initial sales are an indication of all-time heaven.

These trends have been gathered up quickly for examination in a figure-gathering dash through the New Era. The conclusion is one that may be assumed. Unemployment is a luxury our business prophets cannot continue much longer to afford. Mr. Hoover tried desperately to eliminate other monstrous wastes in industry for a decade. Yet no constructive steps, save in isolated instances, in spite of constant conferences, have been taken toward eliminating a waste that in normal years averaged \$4,200,000,000 in lost purchasing power. Over \$2,000,000,000 was lost annually through idle capital. And interest rates, depreciation, taxes, and obsolescence on this dead plant matter at a conservative estimate runs over \$250,000,000.⁴⁰

At the present moment over \$30,000,000,000 is being lost because wage earners are not allowed to return that amount in purchasing power alone.

Indeed, as one follows the trail of the dizzy pioneers of the New Era frantically driving toward the ever-receding limits of a lost dream frontier, one conjures dreams of one's own—new covered-wagon expeditions, new lands to explore, endless regions for the bold pioneer. The trail leads directly across financial deserts to undeveloped regions, vast, untouched, and hungering—the consuming power and security and leisure of our own people. That is the new frontier.

B. MAIN CAUSES—THE CLOGS

It would, I believe, greatly clarify steps recommended toward a cure for unemployment if its main causes were isolated from the background sketched, and the recommendations allowed to evolve coherently, units bearing an inherent relationship to one another. For this reason I have broken unemployment down under three main headings. The unemployment listed under the first two, springing from the growth and environment of the system itself, will, regardless of glibly assumed basic economic health, always be a constant factor, always an irritant tending to precipitate the sickness of the system as a whole and the vomiting forth of the third and viciously destructive form of unemployment, cyclical. To isolate any one of the forms of unemployment is in itself an artificiality undertaken only for convenience; it is not meant to imply that unemployment is a curse imposed upon and not a consequence born of our economic system—reared to a menacing giant where business success must feed on want; where to satisfy want is to kill business.

The realities of a capitalistic background must not be forgotten, for they for a time must determine the logic of cure. Mere isolated reason, which, wandering in from a world where bread was bread and clothes something to be worn, might ingenuously suggest, seeing on the one hand an infinite amount of work to be done and, on the other, several million men eager to do it: Furnish this army with architects and engineers as generals; let it reconstruct its own and consequently the Nation's wealth; let it give more beautiful and slumless cities, parks, public playgrounds, more adequate highways, more accessible power sources—let it clean away the decay and accumulated filth of a century of messy community living in exchange for the bread, fruit, meat, milk, and vegetables, the shoes and clothing, the abundant building materials that it so earnestly and desperately craves, and that are cluttering your markets and destroying the foundations of your business world; let it enrich the Nation and itself with the products of its own labor, with the native ability of its members, many of whom are talented—or continue as you have for the past 3 years until you have furnished incontestable evidence that the capitalist system too must pass with the decay and accumulated filth of a century and more of insane community living.

I have grouped the main causes of unemployment as follows:

(1) Dynamic unemployment.—A coined but applicable term. This form of unemployment is the price inevitably paid for a surging economic system. It is inherently rooted in the very nature of capitalism, in the nature of any economy that would retain for itself the privilege of continuous dissatisfaction. It is the direct result of the obsolescence of an outmoded technique—the consequence of all progress. Society profits by it. It follows that society should concern itself over it. Its present ignoring of the whole problem amounts to an implicit withdrawal of the rights of citizenship from those who suffer by it. In its own self-interest it would repay society to bestir itself over this form of unemployment. It is as persistent in boom times as it is in depressed periods. It commonly manifests itself in the following forms:

In general, industrial and business efficiency tend to improve thus forcing out of business less efficient and more marginal units. Men will be unemployed.

Internal improvements within a given thriving industry that come as a result of labor-saving-machine improvements, the introduction of scientific management aimed at the elimination of waste and the cutting down of production costs will increase per capita output. If the industry has already passed through its period of initial expansion, if the field of demand which it supplies has therefore become increasingly inelastic, if it should fail to reduce prices—even if it should reduce prices, and its thousand and one retail distributors should fail to reduce prices—man-hours will be unemployed.

⁴⁰ Director and Douglas, the Problem of Unemployment.

Industrial areas built up about natural resources, communities given to their extraction, decay with the exhaustion of the ground. The same applies to agricultural areas. The development of new natural deposits, of more fertile land, hastens the collapse of the old. While the coal-mining regions of Pennsylvania, Illinois, Ohio, Indiana, and Iowa are in decay, they are growing in Kentucky, Virginia, and West Virginia. Texas is drawing cotton growers westward to its boll-weevil-less heaven. Men are not only unemployed but stranded as well.

Industries shift their location. Textile mills flow from New England to the cheaper South. Shoe factories walk westward from Massachusetts. Flour-milling centers leave Minneapolis for Buffalo. Chicago is no longer king of the livestock world. How much longer brass will be hauled across a continent to and from the Naugatuck Valley is doubtful. Men will be unemployed—and again stranded in skeleton husks.

New inventions that mean the crowding of fresh industries into established fields of already comparatively inelastic demand bring havoc to those now furnishing the supply. The bulk of consumer's purchasing power is in itself rigidly divided into certain percentages calculated to meet certain physical needs. New industries furnish fresh supply but must feed off the old demand as it exists in terms of dollars in the consumer's pocket. Therefore rayon cannot thrive without textiles in general receiving less of the consumer's dollar constantly set aside for clothing. And even should the dollar supply expand, people would not buy both ice and electric refrigerators, wooden shingles and manufactured roofing material. People tend to buy relatively fewer pianos and phonographs, more radios; less corn and flour, more spinach and tomatoes; less railway mileage, more gasoline and automobiles. Men will be unemployed.

Industries, banks, and retail units merge. There is not only a duplication of many jobs within the new combination—whole office staffs are wiped out—but the new combination will undermine many of the weaker businesses remaining in the same field. Men will be unemployed.

In the above list I have grouped only the normal and often desirable changing elements in a dynamic economic system. To offer an opposition to change and regroupings as many do as the solution of the difficulties involved, to declare a "moratorium" on invention, is so obviously futile, as to require no summoning of the shades of history to refute it. Yet, fantastic as a returning to day before yesterday as a solution to industrial evolution would be, such a scheme is no more amazing than the present spectacle of our social mechanism, which, as far as a practical recognition of the fact of change is concerned, is still attempting to live in day before yesterday. Its rigidity in the face of change has led to wild misconceptions of what readaptation would involve and equally wild misinterpretations of the conditions that need to be dealt with. Obviously, for example, new industries, new services, could neither replace the old nor come freshly into existence if men were not, to some extent, reemployed. A new factory staff does not emerge from thin air. But with increasing rapidity new factory staffs do emerge, in steel and electricity, from the ground—in skill and efficiency, from the brain of management.

Even if released capital does in the end "tend to reabsorb" displaced men, society cannot close its eyes to the bitter private tragedies, the blasting of expectation in many lives, that linger beneath the word "tend." The difficulties furthermore involved in the nature of the new reabsorptive "services" have been discussed. Such services just are not the answer, as economic theorists would have us believe, to technological unemployment. The whole problem is distorted if it is regarded primarily as one of unemployment. It is not. The problem set, the problem that society has deliberately and disastrously ignored, is not only that of reabsorption, but of providing a living income during the transition period.

(2) Environmental unemployment.—In this list I have placed that form of unemployment that is peculiar to business engaged in certain fields of activity. It fluctuates rather to the physical and mental environment conditioning the business than to business method, though this often enters in as an overbalancing element. It is most common to industry exposed (a) to seasonal variation, (b) to excessive consumer variation in demand; social variations. In cases where the environment shows regularly recurring variations the business through long-term planning is to a limited extent able to adapt itself to or even control its environment. Where the demand is nonrecurring, as in the case of style and fashion, the business must obviously continue to fluctuate.

(a) Seasonal: Seasonal variations may be again subdivided into (1) those activities which are carried on out of doors and are directly exposed to and dominated by the seasons, and (2) manufacturing concerns that not only supply tools whose use depends on the season of the year, but those which in turn depend for their supplies of raw material on the season.

(1) All farming, crop gathering, and so on naturally fall into this group. Farmers, however, need hardly be classed among the seasonally unemployed. Though, in that they produce a surplus for market, they have been absorbed into the capitalistic circle and are as unable to live solely off their main product as is a shoe manufacturer, yet the farmer's winter can go hang as far as this paper is concerned. What industry in general needs is more,

not less, farmer's winters. But nevertheless the threat of unemployment hangs over the farm. Agriculture is today no longer a Jeffersonian Utopia of sturdy independents. There is a floating army of men, women, and children, 4,500,000 strong, utterly dependent on the gathering of the crops and farm labor. The sugar beet, cotton, wheat, corn, and fruit raisers all face their seasonal "peak loads" and demand for extra help. And while the present unemployment service helps rout this army of casual labor to some degree, it has lifted not a finger toward stabilizing its fluctuating demand, or even toward rotating it from area to area in accordance with demand. Greater crop diversification in given regions are steps which farm owners themselves can take toward stabilizing employment, though the extent to which this can be carried is obviously limited. Dairy farmers alone can maintain steady employment.

The weather also obviously directly affects all outside construction work, road building in particular. That house construction in the South, however, and building in northern cities, where a large number of protective devices have been introduced, still show tremendous seasonal peaks—suggests that habit is as great an enemy to regularization as the weather. Lumbering activities are again directly subject to weather conditions, while coal mining is rather subject to a demand that in turn is governed by the seasons. All told, approximately 14,000,000 Americans and more are still directly subject to the turn of the seasons in their daily activities.

(2) Manufacturers of agricultural implements, cement, glass, and other building materials reflect back the seasons in their peak loads. There are also those industries engaged in sugar refining, canning and preserving and so on that depend for their material on weather conditions. Formerly each factory depended on its own reserve for outside help. Most still do. There is tremendous fluctuation in employment. There are many semistagnant pools of reserve labor, neither unemployed nor employed. But certain industries engaged in the above activities, recognizing not only the waste and inefficiency that the hire-and-fire haphazardness introduced to their own production, but also the human waste reflected in countless reserves of intermittently employed, have set about regularizing their production schedules. The increased efficiency of a constant labor force brings financial saving: Obviously not much expertness or skill is to be looked for in the man engaged only for a few months each year in a certain task, nor is he to be blamed if he consciously tries to stretch that task over as long a period of time as possible. The increased security in the life of the worker is worth the effort toward regularization of employment in itself.

The methods used are many and vary, of course, according to industry.

The coal and ice company is the classic example.

Side lines and fillers suited to other seasons of the year and methods of production are taken up. Agricultural-implement producing firms turn to ice-skates and sleds. The Winchester Arms Co. produces a variety of hardware and camping equipment. Even a firm so utterly dependent on the season as the Columbia Conserve Co., which originally canned only tomatoes and so could not solve its difficulties by reliance on storage warehouses as many industries needing raw materials have, has had notorious success in meeting its problem. It discovered that a plant need not live by tomatoes alone. It now puts up soups and other food products which meet with a demand the year round. Its factory staff is skilled and efficient. Peaks and valleys of production are met almost entirely by a lengthening and a shortening of the hours of labor. The company guarantees a yearly salary to each employee, gives a vacation on pay, and has introduced other measures, aiming toward security and indicating that a combination of common-sense and humanity, in certain instances, can be the simplest way out of industrial difficulties. The books of the firm show that it is good business. Manufacturing to stock over a yearly rather than a monthly schedule, the use of warehouses both for the storage of raw materials and of finished product are other recognized ways of escaping the expansion and contraction of the seasons.

Some hotel companies have learned to maintain a regular staff merely by observing the migration of the birds. Staffs move to meet peak demands in sun-tanning and in canoeing. Most factory owners, having once undertaken regularization, are amazed at the simplicity of it all, and appalled at that former stupidity that assumed not only that it was good business to cram all activity into a few hectic months and stand idle the rest of the year, but that the eating and drinking and daily activities of employees must necessarily conform to the rhythm of the seasons.

(b) Social: Consumer variation may also be subdivided roughly into (1) those that affect plants supplying a more or less seasonally conditioned demand; (2) those that affect plants supplying a demand conditioned partly by habit, partly by fashion and change in style.

(1) Obviously such commodities as rubber boots, woolen and worsted goods, fur coats, bathing suits, paints, radiators, candy, ice cream, and tea all depend for their popularity ultimately on weather conditions. But because of the intervening human environment I have grouped them here. This environment may be controlled in some degree. It will react to suggestions. No "Gather your crops by winter" advertising campaign will popularize agricultural machinery and fertilizers in the off seasons,

but it was precisely by a "Paint in the fall" campaign that the Sherwin Williams Co. succeeded in stabilizing its production. Spring painting up to then had been merely a habit. The American Radiator Co. broke down the spell of the seasons and was able to set up a regular production schedule by offering lower prices to off-season buyers. The Tao Tea Co., by painting the summer delights to be found in drinking iced tea, now thrives the year round. The Hill Brothers Date Co., besides introducing cold-storage warehouses to give its staff a constant supply of raw material the year round rather than depend on the uncertainties and hectic rush periods conditioned by the arrival of foreign shipments, eked out the lean periods in demand by popularizing date salads. Summer candy selections and pie à la mode emphasized by winter are other common devices for overcoming the human element in environment.

The limitations here, however, so glibly brushed over by planning optimists, are obvious and need not be stressed; in general I shall continue to paint my house, eat my ice cream, order my rubber boots, ignore date salads—whenever it pleases me. So too will foreign nations continue to erect trade barriers, declare war, without holding previous discussions with business stabilizers.

(2) Where fashion and style force consumer demand the manufacturer is helpless. No regularization can solve the production of women's clothing, shoes, and millinery goods. At least I hope it cannot. Sales can be stimulated by oily suggestions—but certainly no sane manufacturer created the short skirt demand—he had to follow. Mere buying habits on the part of jobbers and retailers, however, most certainly can and should be regulated. All producers of standardized goods can manufacture to stock on balanced monthly ratios. There is no longer need for binding up production with seasonal orders or an irrational buying environment. The Dennison Manufacturing Co. has had some success in meeting both difficulties. Not only has it introduced sidelines that cumulatively meet an all-year demand, but it has induced retailers to accept orders in lots throughout the year. By manufacturing to stock in off season it can handle all its peak demands. Other companies, such as Procter & Gamble and the Knox Hat Co. have dispensed with the irrational element in their buying environment by eliminating the jobber, and so chaos, from the lives of their employees. The Packard Motor Car Co. has broken down the wall of fashion and instituted a regular yearly plan of production distributed equally over the months. It has partly overcome the high-cost difficulties of motor-car storage by persuading dealers to encourage buying throughout the year and to accept off-season shipments of cars. These examples suffice to emphasize the main roads toward a guaranty of steady employment.

The marvel is not that steps have been taken—rather that examples are so few in a nation boasting of its business ability. As a matter of fact it has shown no such ability in the mass. It has ignored the first essentials of all conduct—simplicity and directness. Whether these can ever be set as guide rules for an industrial system that depends on no given direction for its stimulation to action but on the chaos of conflicting whims of a multitude of sellers and buyers is a matter again of conjecture. The will toward regularization can obviously achieve some minimum stabilization of employment. It can never, however, eliminate the threat of unemployment.

This is the one fact to be stressed. There is actually no longer, even in an individualistic profit system, save for a few obvious exceptions, any excuse for a continuance of the ruthless hire-and-fire method of employment. Carelessness and rank stupidity account for a large part of it. But intense competition for the consumer's dollar with consequent rising and falling in the tides of the casually employed will continue as long as society is unconcerned with methods of production that are said to serve it. For society is after all the environment that manufacturers at present must contend with. The methods of dealing with the Liverpool and Seattle dockhands are classic examples of what pooled labor reserves can accomplish toward eliminating the so-called unemployables; actually it is the elimination of human wastage. A comparison of the degree of contentment and enjoyment in life, pride in personal and community appearance reflected between towns whose inhabitants are sure of steady jobs, and those whose incomes depend on the ebbing and flowing of hunches and whims and managerial unconcern, speaks for itself.

While the odd-job, extra-hand worker will never fade out of the picture; while many of them might protest violently against being "regularized"—yet the fact cannot be escaped that a vast number of them are denied the opportunity of steady employment; haphazard industrial methods, slack management, and lack of planning have continued to regard them merely as so much factory fodder to be taken on and dropped according to convenience.

The fact also remains that many industries are so intensely interdependent that environment for any one of them is impossible to struggle against. This is particularly true of those supplying goods for producer's markets—manufacturers of capital equipment: a large part of the Middle West pulses to the fluctuating heartbeat of automobile factories. But the line of attack is not as chaotic as the problem would seem to suggest. Blueprints of a stable and planned society will probably remain blue-

prints for some time to come. The first line of attack is far more simple and direct.

The reduction of unemployment to a possible fluid minimum can never be accomplished while the ruthless "hire-and-fire" system is allowed to go on unchallenged. The system in itself, however, is dependent on the large reserves of men employers are allowed to keep on hand in semi-idleness and stagnation. Not only their own ignorance of where to turn prevents the exodus of these reserves, but they are kept massed by deliberately falsified information. The club of bargaining power is a privilege employers consider theirs alone: The more the men, the fewer the jobs, the lower the wage need be. Furthermore, these pools of labor make more than casual planning of production or efforts to control the market unnecessary for the employer; rush orders can always be met.

The immediate problem is distorted if it is regarded, as it appears to be on the surface, one of planned production. It is not. The problem that society can immediately and directly apply itself to is the tapping and rechanneling of these pools of stagnant labor energy.

(3) Cyclical unemployment.—And under this last heading comes the most fiendishly vicious and fertile of all forms of unemployment—unemployment bred by unemployment—both by capital and by labor. It is not the mere chronic unemployment of "normal" times, leaks of labor and human energy that intelligent patches might plug up—it is the savage, all-consuming unemployment that is born of and intensifies social sickness, spawned at an ever-increasing rate from the already existent festering masses of human stagnation. To isolate such unemployment from that socially accepted phenomenon, the subject of learned treatises and reports, the business cycle, would be to distort its significance beyond value of discussion. To pretend to cast any further light on this subject of the economic scholiasts, however, would be silly—as well as beyond the scope of this paper. What can and must be emphasized is the disastrously vicious part unemployment without the support of purchasing power plays in deepening and prolonging the cycle of depression. It is obviously something that the rosy business economists who preach Buy and a Sales Tax do not take into account—or else the assumption must be that the 15,000,000 totally unemployed, the 17,000,000 on part time, their families and dependents, are "hoarding" either no income at all or an income cut to the bone that in normal years, bloated and juicy, was hardly enough to meet the barest requirements of living.

Today to say that production cannot continue without consumption, that the two are actually one, that they differ only as points on the circumference of a circle differ, is only to utter an apparent truism. There is no beginning and no end. Their flow is the bloodstream of any economic unit, whatever its method of distribution and exchange. The individual producing plant within the economic unit can produce only as it receives, or believes it will receive, its share of the wealth with which to continue production. In a competitive society the individual plant, by acting as it is compelled to act, either when its share of the necessary wealth is actually decreased, or when it feels that there is a good chance of its decreasing, only hastens on catastrophe. If it does not receive its share of the vital stream, its only recourse, in order to preserve life, is to release still less than its former share. This action in turn slashes the share normally flowing to all other units. They, in self-defense, are forced into acting likewise. And so, completing the vicious downward spiral, the share returning to the original unit is still further drastically reduced.

The logical outcome of such a process is self-strangulation. Yet of necessity it is all good business. It is essential from the point of view of each private business man, when times, subjectively, are hard, that rigid economy be practiced. Rigid economy characterizes itself in the well-known forms of unemployment, part-time work, wage deflation, and restricted production. The cumulative action of many individual business men, each moved by his own practical concern with immediate ends, is disastrously fatal for society as a whole if it is allowed to run free and unchecked. Interdependence and self-sufficiency are ghastly myths that breed a vicious cycle of self-destruction. Each self-sufficient unit by attempting to prove its self-sufficiency drags down every other self-sufficient unit into a bewildered chaos of tightened mental belts amid physical plenty. The business cycle is a phenomenon peculiar to capitalist society and can neither be understood nor examined apart from a capitalist background.

The failure obviously of the individual business man seeking his own profit and steady dividend payments lies in his inability to see the consumer as the vital link in the continued flow of production as well as the very source of his own profits and dividend payments; or, what amounts to the same thing, his tragic inability to act upon his vision even if he should see clearly. Such well-intentioned action would be merely to invite destruction and, furthermore, would be entirely futile. Every business man is forced into removing consumers, because they appear on his books as costs of production, from their share of the vital flow. Like men in some ghastly nightmare, standing upon chairs, their necks collared by knotted ropes dangling from rafters above, they calmly, as though impelled by some awful force, with terrible cold sanity, one by one, kick the chairs away from under their feet. So each producer, acting either in the light of

his own reason or compelled by restricted bank credit,⁴¹ destroys purchasing power. And this is considered sound business.

Without purchasing power stagnation and the tidal wave of unemployment is on, and each man unemployed means a degree less security for the man still employed; he is one body less for which consumption goods need be produced. Eventually follows the savage and bitterly self-destructive phase of depression such as we are in the midst of now. Not only do employers fight among themselves in the desperate struggle for self-preservation, but workers also, pressed by starvation, beat one another down in the battle for jobs at any price. The would-be sane employer is reduced to the level of the common scamp profiting off the "willing" labor of men struggling against starvation. The labor-surplus of depression, without unemployment insurance to bolster its sagging and beaten down purchasing power, is more fatal to production than the glutted goods market of boom periods.⁴² Industries are thrown into chaos in the fierce effort to snatch and to fill the trickle of hand-to-mouth orders sent in by cautious retailers.

The State alone, standing above, a representative of the whole, is in position to bring order out of chaos.

It is therefore peculiarly fatal when the actions of the State are dictated not by an objective and scientific view of society, but by logic determined by the practical and directly applicable thinking of the private business man. To quote Cassel: "Science must look upon economic life as a whole, and consequences which from the point of view of the individual business man are remote, may from a scientific standpoint have at least the same importance as nearer ones."⁴³

The State cannot legislate business cycles out of existence. But it can, by recognizing its responsibilities, take such steps as are beyond the power of any self-reliant individual. It must launch forces moving in precisely the opposite direction from those set in motion by private business. It must restimulate the amoeba by opening new sources of purchasing power and relieving it of its cumulated waste materials. It can, to a large extent, so alter the environment that each individual productive unit may proceed to the increasing benefit rather than injury of every one else. Mr. Hoover himself, in spite of his constant retreat during the past

⁴¹ What part the private banks play in determining the business policies of manufacturing corporations is impossible for me to go into. But the question cannot be ignored. The partners, for example, of J. P. Morgan & Co., Lee Higginson & Co., Kuhn-Loeb & Co., Dillon-Read & Co., Speyer & Co., J. and W. Seligman & Co., and 10 other private banks have 71 directorships in the leading commercial banks of New York, besides 996 directorships in some of the largest public utility, insurance, transportation, manufacturing, and other corporations. The eight leading commercial banks of New York, over which the private bankers have control through interlocking directorships, hold directorships in 287 insurance, 301 other banks, 521 public utility, 585 railroad, steamship, and airplane transportation companies, 846 manufacturing, and 1,201 other corporations. Among these eight banks are the Chase National, the National City, the Bankers Trust Co., and Guaranty Trust Co. Therefore, when Mr. A. G. Wiggin launches a low-wage campaign, as he did early in 1930, a large part of the country must listen—and woe betide any editor who opposes him if he is dependent on advertising for the financing of his paper or magazine. Certainly no manufacturer can run counter to "sound banking policy." His freedom of action is a myth.

⁴² The time for discussing unemployment insurance reserves seriously, however, passed while Mellon was grinning over tax-rate cuts. In the words of the President's 1921 conference: "Prevention as contrasted with relief is possible only through foresight * * *." Not that they are not immediately essential, but that opposition to them today is almost insurmountable.

⁴³ The value of Federal construction and maintenance by fiscal years, ending June 30, was as follows:

1928	\$274,000,000
1929	308,000,000
1930	340,000,000
1931	492,000,000
1932	637,000,000
1933	785,000,000

Public expenditures for permanent improvements other than Federal, exclusive of repairs and maintenance, were as follows:

1928	\$2,821,000,000
1929	2,838,000,000
1930	3,054,000,000
1931	2,452,000,000
1932	900,000,000

Railroad and all public utilities:

1930	\$4,000,000,000
1931	2,410,000,000
1932	1,200,000,000

Contracts awarded (factories, commercial, and residential) by calendar years:

1929	\$3,400,000,000
1930	1,950,000,000
1931	1,260,000,000
1932	510,000,000

few years from assuming a position of detached authority, once demonstrated that he had a fair grasp of the idea and stimulated many economists to false hope.⁴⁴ In 1923 he attempted to delay public works construction to a period of depression. He was attacked by the Manufacturer's Record for so doing, which was one of the greatest compliments he has ever received. But he has amply made up to the outraged gentlemen since. His 1934 budget estimates would set any manufacturer's heart beating with economic delight. The appropriations for Government buildings show a decline from the 1933 figure of \$212,000,000 to \$69,000,000; public improvements from \$402,000,000 to \$122,000,000; \$18,000 is tucked carefully away for relief purposes—just in case any one should happen to lose a job. Mr. Hoover's engineering instincts have shown themselves in the end more dominating than his economic; only an engineer could seek to build a bridge of sound capital structure over the yawning chasm of lost purchasing power.

So much for a broad outlining of conditions creating unemployment. Only in one group, group II, have any active steps been taken to date toward remedy. The present depression has of course stimulated thought directed toward the problems offered by I and III, just as did that of 1921. Several of the States, 30 in varying degrees of seriousness, are considering unemployment insurance and more efficient systems of employment agencies.⁴⁵ But, encouraging as these signs are, they do not permit even the solace of feeling the barn door is to be locked after the cow is gone: a plank or two will be nailed across a gap through which a herd of cows may still be driven. Though one or two States may act as Wisconsin has acted, as Ohio is preparing to act, though certain exceptional industries have attempted to regularize output in the several ways mentioned and others may follow—what a group of business men stated as reflecting their point of view toward the problem as a whole as far as individual action was concerned, after a survey of the field in 1925, may be restated today and may be applied equally to the efforts of States as well as industries: "Private efforts * * * no matter how significant or encouraging they may be, still remain individual as far as a solution of the problem of unemployment in a large way is concerned" * * *

North Carolina can just as surely undermine Massachusetts as the fly-by-night sweatshops can undersell and undermine the respectable garment shop attempting to operate and at the same time be responsible for the health and security of its employees.

The Nation has two courses before it: either to lift its people bodily into the structure of civilization which has been proved possible and to hold it there—or to resign itself to the level of its own dirt. There is no other alternative. It is monstrous idiocy to look for benevolent cooperation in a business world in which the loss of one is another's gain.

C. TOWARD CURE—FLOW AND OUTLETS

Just as I have attempted to break down the causes of unemployment into three main divisions, each of which was necessarily somewhat blurred about the edges, so I shall, for the sake of immediate clarity, break down the multitude of proposed remedies into what I believe to be three fundamental and immediately applicable approaches to a cure.

This, however, must be emphasized. The success or significance of any one of the three is dependent upon the simultaneous enactment of all three. No one is in itself a cure. Each bears with varying degrees of effectiveness upon each of the causal groups as listed above. With the bottom ripped open patchwork cannot save the boat. It is a question now as to whether or not even a whole new bottom will turn the trick. Therefore no one who pretends to have genuine interest in the preservation of the boat itself, who is sentimentally attached to its decorations and interior constructional designs, its familiar corridors and alleyways, would betray wisdom in refusing a complete overhauling of its damaged mechanism.

Many, with less interest in the old smoking-lounge atmosphere, are now taking to the lifeboats and urging the drowning crew to come with them. That more of the crew have not followed is only because their remnants of hardtack and clothing are still on board, and, from the water line, they have not seen the fertile lands toward which the lifeboats are heading, or else believe them as yet only to be mirage. But in the meantime the waters are rushing in. The crew is in the hold. The boilers, too, are down below. Complacency in the smoking lounge, while conversation has turned to shipwrecks of the long ago, lingers only because cigar smoke burns blue, and tales of wrecks at sea seem far away amid these dark-stained solid walls * * *

The reasoning that makes the three recommendations necessarily one may be summed up as follows: A system erected for connecting the peculiar qualifications of men with suitable jobs, for surveying the trend of job opportunities, and for supplying information, while it is the groundwork for all attacks on unemployment, does not create jobs. It does not make jobs. It does not

⁴⁴ The recommendations made by the President's committee on unemployment in 1921, on which Mr. Hoover sat, still make stimulating reading today!

⁴⁵ Since the writing of this paper the Wagner bill providing for a Nation-wide system of employment offices has been passed.

⁴⁶ Can Business Solve Unemployment? Lugwigson, Draper, Cannon, Lescohier.

preserve jobs. It feeds a man nothing. It can serve as a channel for free man-hours, but there is no certainty that it will dump them into wealth-producing overflow areas. It cannot unclog closed gaps. It does not regulate the flow of wealth that alone, in a profit economy, makes jobs possible. Therefore such a system must be supplemented: (a) By a legislative device aimed at creating and preserving the opportunity for work by apportioning the hours necessary for a certain quantity of production among those with a supply of labor hours to offer; (b) by machinery aimed, first at preserving the necessary flow of credit and currency that production may be absorbed by those whose jobs depend upon that absorption and consequent necessity for fresh production, and secondly at affording a constant minimum of purchasing power during jobless transitional periods. In other words, what must be aimed at is an equilibrium of gaps.

The method of procedure toward a shaping of the essential outlets has been determined by: (1) The conception of a healthy economic system as necessarily one in which the flow of producers' goods to consumers is either constant or expanding in accordance with the growth of productive technique; this is fundamental and is dependent on neither communistic nor capitalistic methods of distribution; (2) by the placing of the qualifying factors that determine the evenness of that flow in our present form of society upon that fundamental base, the profit motive; and (3) by then allowing the three causes of unemployment as listed above, when contrasted against the originally conditioned desirable state, to set up their own solution. In one hand one holds the design or pattern, in the other the roughly molded clay; by comparing the two it is immediately apparent where the clay is to be reshaped if it is to conform to the desired pattern.

1. A nation-wide system of public employment agencies must be established. Branch offices will be set up in strategic industrial and agricultural areas. These offices will be run by local, non-political administrative authorities under the immediate control of the State in which it is found. State systems will in turn be linked together and given coordination by the Federal Employment Service as outlined in the Wagner bill. The present employment service will pass painlessly away.⁴⁷ The problem of sick labor distribution demands specialists and not quacks. The method of introduction of this step by Federal grants in aid to States contributing equal funds, while not the most desirably effective, is perhaps the most feasible. States are offered the opportunity of joining the plan. They are still free to accept or reject it.

This is by all odds the most essential and immediately necessary step toward attacking the problem of unemployment. Ignorance cannot be effective. Ignorance, save for the findings of unconnected investigation committees, is general today. It not only blinds all remedial steps but hangs as a cloud over employment conditions in the past. There is no factual basis to refer to. Estimates varying widely and frankly mistrusting their own conclusions alone indicate the normal amount of unemployment in the country at any time.

Some light on the present knowledge of unemployment is cast by the statement of Mr. Walter S. Gifford, director of the President's organization on unemployment relief, given before the Committee on Manufactures in January 1932.

"Senator COSTIGAN. We have had, however, some very definite estimates as to unemployment in certain parts of the country. They have been obviously conservative estimates, but a committee reported that last summer in Pennsylvania there were between 900,000 and 1,000,000 unemployed. The present estimate puts the figure in Pennsylvania somewhat in excess of 1,000,000 people. Do you regard that as a conservative estimate?"

"Mr. GIFFORD. I do not know. I think that might be all right. I do not know what the working population of Pennsylvania is."

"Senator COSTIGAN. We have had estimates of New York City of approximately 750,000 people out of work and more or less in need at this time. Do you agree with that as a conservative estimate?"

"Mr. GIFFORD. I think I do. I think that is perhaps all right."

"Senator COSTIGAN. Could you give us your estimate of how many in New York State are in need?"

"Mr. GIFFORD. No; I could not."

"Senator COSTIGAN. Can you make an estimate for Illinois where we were advised the other day there are approximately 1,100,000 unemployed?"

"Mr. GIFFORD. I could not do that."

"Senator COSTIGAN. Is your information similarly indefinite with respect to the rest of the country?"

"Mr. GIFFORD. Yes, sir."

"Senator COSTIGAN. Do you know or does anyone else whom you can turn to know what the relief needs are in the smaller cities of the country which have no community chest organization?"

"Mr. GIFFORD. No; I do not know."

"Senator COSTIGAN. Do you know what the relief needs are in the rural districts of the United States?"

"Mr. GIFFORD. No."

⁴⁷One of Miss Perkins' first moves was to discard the Doak system.

"Senator COSTIGAN. Your committee has not assembled information of that sort?"

"Mr. GIFFORD. That is correct * * *."

"Senator COSTIGAN. Did you, from any other source, acquire information which would enable you specifically to advise us how many people in the United States at this hour are on the verge of starvation?"

"Mr. GIFFORD. I have no such information."

"Senator COSTIGAN. You have no such information?"

"Mr. GIFFORD. No, sir."

"Senator COSTIGAN. How much money is available to meet the needs in America? You have stated that the needs are not known to you. How much money is available to meet these unknown needs?"

"Mr. GIFFORD. Well, certainly there should be enough available to meet them."

"Senator COSTIGAN. In any event, your organization has made no affirmative effort to tabulate the facts with respect to the human needs throughout the United States?"

"Mr. GIFFORD. That is correct * * *."

I cite this as the consequence of profound ignorance in grappling with a problem the immensity of which was not and could not be grasped by those in authority. There was no means of securing information. There was nothing but the vestigial remains of the war-time United States Employment Service which was a constant source of misinformation.

Indeed, one cannot refrain from speculating as to what would have happened had an adequate system of local fact-finding agencies been in existence during the period from their post-war destruction, through 1929, to the present. It is somewhat ironic that the same Mr. Hoover who served on the committee for investigation of unemployment in 1921, that recommended then the promotion of a Nation-wide system of employment agencies, should have been the man to have vetoed the first affirmative effort toward bringing order out of chaos, 10 years later: "to prevent a serious blow to labor". By this he meant a blow to labor politicians. Rather than putting the job of attacking chaos in the hands of civil-service employees and skilled experts, the President turned it over to the lumpy fists of Doak. Doak winked. Democratic hacks turned Republican hacks overnight and found themselves cosily pillowed as Doak Employment Bureau chiefs. Bleary optimism resumed its blinking.⁴⁸

Certainly years of blundering, of miscalculation, of duplication of effort, of not knowing when or with what to strike, would have been eliminated. Relief, had the need arisen at all, could have been immediately and adequately applied. There would in all probability have been no stampede drives for charity with quotas set not according to what crisis demanded but to what it was estimated a community could afford.

Listen to the bulletin reports of the United States Employment Service, as it now exists, as the depression gathered headway. Mr. Jones, its head, as a distinguished economist observed, "has revealed his incapacity in increasing measure with the years." Watch it month by month, revealing itself through a bulletin issued with all the authority of officialdom to back its appalling misinformation.

November 29, 1929: "Movements now under way will have an encouraging effect on industry, which will mean an increase in the volume of employment. All signs are encouraging and better economic conditions should prevail in the immediate future."

January 1930: "After a careful survey of the business outlook we enter the new year with optimistic spirit and high hopes and predict that 1930 will measure in volume of business with the preceding year * * *."

February 1930: "Business and industry appear to be consolidating the progress made in January for an expected upturn during the spring months * * *."

Actually, between November 1929 and the expected upturn of the spring months, the volume of unemployment exactly doubled itself, and, continuing through the summer at the same rate, had tripled itself by August.

Thus was the President's committee armed to meet rather with the powers of darkness than with the specific needs of unemployment. What it did was to organize a sort of cheering section. It backed the disastrous policy of imposing the burden of relief on local communities—ignorantly and blandly. It supported a system of "poor relief" hardly adequate during the reign of Queen Elizabeth and finally outmoded by the industrial revolution. Its validity rests on the fantastic assumption that industrial areas are actually self-dependent; that the cigarette industry, for example, derives its wealth entirely from within the borders of North Carolina; the automobile industry from Michigan; that coal-mining areas are independent of the industrial needs of the country. It

⁴⁸The blame is not entirely Mr. Gifford's. Definite information, now, 1 year later, is still lacking, as is the machinery to bring it forth.

⁴⁹For a full account of the Doak system in action, see *The United States Employment Service*, by Ruth M. Kellogg, University of Chicago Social Science Studies, XXIX.

⁵⁰The Problem of Unemployment, Aaron Director and Paul Douglas, University of Chicago.

failed to take into consideration the nature of our modern corporate system. It ignored the concentrated wealth in the hands of modern "absentee landlords" and therefore imposed added tax burdens on the shoulders of those least able to bear them. Of the relief funds raised in this country approximately 70 percent was derived from taxes, the remaining 30 percent from charity drives up to 1931; public funds now bear 90 percent of the burden, private drives, 10 percent; and exhaustion is in sight for both. Few States and no municipalities have the power to levy income taxes. Taxes, therefore, fell on local property in distressed areas. The policy of local relief therefore further irritated the very incongruities that had plunged the Nation into depression. By forcing those least able to pay it not only precipitated the number of evictions and destroyed property values, but disastrously weakened consuming power and added another block to recovery. Local relief relieved the rich, not the poor.

Public employment agencies of course would afford far more service than that of providing a constant check on the volume of employment in each industrial community. Their crying need grows directly out of the tempo and characteristics of modern industry. There is good reason to believe that all the forces that we have set down as making for industrial instability in the past will continue, possibly increase in the future. Technological improvements will certainly continue. New industries will arise, go through a period of initial expansion, and arrive at a point of satisfying a fairly constant demand. Old industries will grow obsolete. Their demand for fresh labor will constrict. There will be an increasing need for a rechanneling and reeducation of labor. Industrially decadent areas must be given information of new opportunity, the stagnant surplus pools drained off. It must be no longer necessary for armies of bewildered, ignorant, unwanted men to stray from State to State in hopeless pursuit of elusive rumor. There are better ways of connecting the right men with the right jobs.

In addition to responding to the needs suggested by my first group of unemployment causes public employment agencies will have far-reaching effects on the second. They will help crush the evil of intermittent employment. They will drain off the half-idle pools of men kept by factories to meet their peak loads. They will enable factories to stabilize and give the promise of steady employment to a selected group, knowing that they can draw on the agency for reserves. Thus instead of innumerable factories with innumerable men not knowing from day to day whether they will be called upon or not, growing despondent and shiftless, labor reserves may be pooled, and one constant source in a given area will take the place of many to meet peak loads as they arrive. Efficiency in the labor market will mean increased efficiency in industrial methods. This has been demonstrated again and again. Boom-industrially induced flowing of men to crowded centers will be reduced to a supplying of actual demand.

Just how the regularization of employment can be attained through the cooperation of public employment agencies has been partially demonstrated here in America by the work of an experimental center set up in Rochester, N.Y. The following is a short report on its activities in that line taken from the February 1933 midmonthly issue of the Survey: " * * * The center has for a year and a half carried on a field-work campaign to develop the clearing-house idea in the industry in question. This industry has six large factories in the Rochester area, each employing more than 500 workers in a normally busy season, 15 smaller factories, and 4 plants making units used in the business. * * * Before the public employment service stepped in the industry had recruited its labor through want ads, and had always suffered a dearth of skilled workers in peak periods. By agreement with the service plant superintendents and foremen now call the center when they need extra help. A policy of openly borrowing workers from plant to plant has been adopted, with the center as a clearing house. The center got the cooperation of one of the trade schools to train workers in new operations and to retrain workers who have been out of the industry for some time. A new industry using the same type of skilled operators recently located in Rochester. It was informed by the employment center of the seasonal complications of the older industry, and has arranged its production schedule to miss the peaks of the other plants. In this way employment periods for a large group of workers will be spread out, and neither industry will be crippled for lack of skilled workers at its busy season." I shall return to the experimental work now being carried on by the several trial centers now in operation in America.

Public employment agencies offer, of course, no panacea. They are not a cure-all for unemployment. They create no jobs. But they do offer a practical and humane approach to one of the constant problems set up by modern industry. They give the only answer to long weary months of gate-to-gate job hunting, to weary days of street plodding, to the hopelessness of being unattached, without a job, and of feeling a world sweep on without one. They alone can preserve the act of saving on the part of today's workman from becoming a mockery, can keep pride in one's self and one's skill and ability from becoming a farce. They must be regarded for what they are, in the light of the problems they are designed to attack, and looked to for nothing magical. Essentially they are channels facilitating a flow necessary to the

amoeba. They are a vital factor in the continued running of the economic mechanism.

To sum up: A coordinated system of public employment agencies can, by promoting a more efficient distribution of labor, reduce to some degree the amount of unemployment, and be of service to both workers and employers.

1. By providing a central place to which both jobs and applicants are referred, they will lessen the time lost by workers in hunting for jobs, as well as the expenses employers suffer in constant and unnecessary interviewing and advertising.

2. By providing a central labor reserve they can remove the necessity for individual enterprises maintaining separate and distinct reservoirs of labor to meet peak loads, especially in the case of those industries employing large groups of casual workers; in removing this constant threat, an existent labor surplus which menaces those employed, they attack the standard-lowering bargaining power of employers.

3. By protecting workers from exactions of private employment agencies that charge excessive fees for inadequate service; that are guilty of every conceivable type of fraud that can be practiced on the unprotected and helpless job hunter.

4. By providing special services for particular groups: for juveniles, women workers, and the aged vocational guidance and re-education; for those who are forced out of industry or a locality by industrial shifts and are today without adequate protection and are left at the mercy of those interested in local real-estate values—the benefit of transportation.

5. By furnishing information on the state of the labor market, both as a whole, and in relation to specific industries and lines of work: Special investigations gotten up in times of crisis are expensive, unwieldy, too late to be of use—and often ignorant.

6. By affording a constant nervous sensory contact with industrial conditions and the needs of workers, and, should emergency again arise, by providing in readiness the skeleton outline of defenses against hunger.

7. Finally, when public unemployment insurance is established, a system of employment offices will be essential to the efficient administration of the measure. Only so can a check be kept on the willingness or unwillingness of a man receiving benefits to work—only so can the largely imaginary danger of dependence on benefits be avoided.

It is interesting to note reports from those pioneering experimental agencies now being carried on in Rochester, Philadelphia, and Minneapolis. They have recently been set up by special funds appropriated by the State and municipality. They serve as working models of what public agencies may be expected to do. In addition their experience will be of inestimable importance with the launching of the Wagner bill. They have added American technique, ingenuity, and efficiency to lessons learned from the long-established free system of England and continental countries.⁵¹

The first essential difference between the new and what remains of the old public employment service is in the type of office and in the section of town it is found. Every type of wage earner is catered to. The new offices are in thriving sections of the city. Their rooms are large, modern in design, light, scrupulously clean. Each office is spaced off; its staff is divided to take care of different occupational groups: technical and professional, sales and clerical, skilled hands, industrial workers, domestic and institutional workers, unskilled labor. Each applicant is shunted off to his respective division. There he is given a record blank to fill out. A Rochester office, for example, requires the applicant to set down his name, age, address, height, weight, marital status, dependents, work desired, salary required, restrictions as to place of work, educational degree and special training, the names and addresses of former employers, duties and responsibilities while employed, and, finally, reasons for leaving the last job. The applicant is then granted a private interview.

Similar to the cards filled out by applicants are employer's order cards stating in detail all job specifications, wage or salary, type of man desired, etc. Calls for workers come in as well by telephone and mail, or the employer may pay a personal visit to the agency. All jobs secured are followed up by the agency. For example, during the first 10 months of 1932, 59,110 men and women registered at the 3 Minnesota offices, of whom 23,425 were placed, 40 percent in permanent positions. Rochester reports during the same 10 months over 13,000 applicants, more than one third of whom were successfully placed. Neither showing bad for a slack year.

As yet these offices, in their experimental stage, have not the advantage of the German offices where employers are required to report vacancies. They still have to sell their services. But an increasing number of firms are placing all their orders in the hands of these agencies. At present their own proved efficiency is the sole means, not only of routing out private agencies, but of gaining employers' confidence: they are on a business, not a charity basis. William H. Stead, head of the Minnesota project, reports: "The members of the staff have made 2,189 employer contacts or visits, each of them reported in full. As a result of these contacts, a total of 2,000 employers have used the service, most of them a number of times. This figure does not include

⁵¹ Survey Graphic, February 1933.

individual employers of domestics, farm labor, and casual workers. * * * These 2,000 employers have placed orders for 35,212 workers; 42,735 applicants have been referred for consideration, and 33,402 verified placements have resulted. Approximately 40 percent of these placements are regular or permanent positions."

In addition to the service of bringing together jobs and men these agencies bring out curves of local business activities and employment, affording real foundation for further reaches of the work. The Minneapolis agency after a number of tests on representative members of various occupational groups has drawn up "profiles" charting skill and personality to afford a guide toward ascertaining the aptitude of applicants for jobs. This is but a summary of the possibilities the plan affords.

Above all must be emphasized their nonpolitical character. Governor Pinchot on the opening of the Philadelphia unit wrote the State employment commission: "The first and all-important step to the success of the Philadelphia experiment means its severance from all political affiliations. All of its appointments must be made clearly on the basis of experience and technical training for this highly important endeavor * * *. This work must be honestly and equally free from political control."

Not least of all these local experiments have clearly and convincingly demonstrated the crying need for not only State-wide but Nation-wide interlocking units. To quote a summary of their findings: "Again and again staff members have pointed out how the individual offices are hampered by being unrelated enterprises rather than units in a country-wide scheme. Their records and experience show that even in a depression, difference in climate, in the supply of raw materials, in market demand, style changes, and the manufacturing operations that cater to them accentuate an oversupply of labor at one point, while at another, factories or canneries may be running extra shifts and calling for more workers. These peaks and troughs of activity are of course sharper and more frequent in normal times. Similarly there is a shifting demand for skill. The resulting flow of labor is not determined by city or State lines. It is to the advantage of both employers and employees that the offices which would serve this flow, stop its leaks of wasted working time, and help stabilize the wage-earning market, should be interconnected."

In the end, then, such a system may have a marked effect on all three of the indicated causes of unemployment, cyclical as well. And in depressed times, because of their cracking up of the pools of labor reserve, keeping them in a state of fluidity rather than stagnation, they will be of invaluable service in preventing the drastic bidding down of wage-scale and labor standards that occur when workers fight among themselves for jobs—or starvation. Above all they will relieve charity of an unjust load and enable it to attend to its own job; attending the social misfits, the aged, and the sick. No charity organization was formed to either pay an incompetent manager's wages for him whenever it pleased him to lay a man off, or to bear the burden of a chaotic industry.

The danger of technological unemployment is furthermore multiplied if improvements are taking place simultaneously in a large number of industries and is particularly aggravated if the commodities are subject to an inelastic demand. The consequent lag in consuming power may actually precipitate depression. With a common clearing house for jobs in existence it can be determined what times are best for bringing about the change. Technological shifts can be staggered to a certain extent. Advance notice of such shifts can be supplied the office, which could then work toward securing the rough equivalent of old jobs for the displaced workers.

In any case their reeducational work will make the advance of industry less ruthless in its antiquating of old skill. The sufferings of displaced workers is neither inevitable nor need it be forever regarded merely as one of the prices of progress—an easy thing for those who never pay. The real value of employment agencies here must be realized. This is their effective field. They supplement in the labor world the exchanges that have long existed to facilitate operations in the financial and trade world. The displacement of labor cannot be avoided, nor is it necessarily a social evil. It is the failure to reabsorb labor that is the root of all concern in the problem of unemployment. And it is this problem that a public employment service can directly attack. Sir William Beveridge in concluding his remarks on such a system wrote: "It is a policy of making reality correspond with the assumption of economic theory * * *. The ideal for practical reform, therefore, must be to concentrate the demand and to give the right fluidity to the supply."

(2) A 6-hour day, 5-day week for manufacturing industries:

We have continually during the brief study of the decade 1920-30 noted the disastrous effect, the waste in human energy, of materials, and of money wrought by following the policy of withdrawing men rather than man-hours from industry. Rather than society's realizing in increased leisure time the profits derived from machine and managerial efficiency, the profits were shunted back into industry and new burdens thrust on the back of a crumbling purchasing power. The final pressure of forced selling succeeded in the end in overthrowing the whole top-heavy structure. But up to that time the cost of prolonged hours were borne by consumers; annually they footed an advertising bill of over a billion dollars; they paid for organized propaganda schemes launched by the public utilities in pamphlets and doctored textbooks; they paid for countless wastes in distribution; they paid

for surplus and unneeded plant material; they paid for wasted machinery and artificially induced obsolescence to speed the demand for new buying.

The essential overflow of man-hours from industry, in other words, was channelled not into the only remaining area of safety, but into waste enterprise or unemployment.

For the first time, as I have pointed out, we are faced with a situation in which there is no normal overflow for a glutted labor market. At the same time no immigration restrictions can or should bar the entrance of millions of mechanical and socially useful men. The labor market can be relieved in only two ways. The first, the socially desirable, logical, and now desperately necessary way is by the withdrawal of man-hours leaving man in touch with his source of vital wealth. The second, the path dictated by our industrial frontiersmen, was the forcing of socially unnecessary men into socially unnecessary labor resulting in waste, oily advertising pressure, actual overproduction, and tragic denial of man's right to an opportunity of self-development and self-knowledge once he had completed his socially necessary task of labor.

The time has passed when labor power is normally absorbed into new industry. Unless something akin to the automobile arises that responds spontaneously to an instinctive desire of man, new goods demand an organized high-pressured campaign to force their undesired qualities on an overburdened market. "With the introduction of machinery the percentage of 'labor-hours' or 'man-days' required for the production of those necessary goods like food, shelter, and clothing, which we spontaneously desire and demand, has rapidly decreased. As a result an ever-increasing part of the practically constant amount of expended labor energy is forced into the production of goods less necessary to those with purchasing power, goods for which demand must finally be created * * *."

Charles Merz has described this process as follows: "It is impossible to put much trust in the quaint notice of Emerson's that if a man living in the woods makes a good enough mousetrap, the whole world will beat a path to his door to buy it. Launch a new mousetrap in 1928 and the effect is spectacular. Surveys are undertaken to determine the presumptive sales resistance of potential purchasers of mousetraps of different sizes, shapes, and colors. A national advertising campaign is undertaken to instruct the country in the use of bait. Pictures of villages in flames call attention to the fact that more harm is done by mice annually than was done in Belgium by the German Army in 1914. Prizes are offered for the best letter on mice, the mortal foe of man. Mice clubs are organized in public schools and October 6-12 is announced as 'National antmouse week.' At the proper moment the 'Mousetrap boys' strike up at station DKA, broadcasting ukulele programs * * *."

The census shows that the percentage of labor energy used for selling and distribution increased from 19 percent in 1850 to 51 percent in 1920. The comparatively stable price levels throughout the ensuing decade, coupled with the unprecedented saving in the cost of man-labor exploded in a volcanic eruption of released selling pressure that flooded like lava across the country; style battled with style, brand with brand, and color with color.

And unemployment itself, by cracking up the solid bargaining power of employed labor, by being forced into endlessly diversified and makeshift jobs, actually consumes its energy in decreasing the amount of claims to wealth which it is necessary to pay for the labor-hours required to turn the wheels of industry.

Actually today the cost of production determines only the lower limit below which value cannot go. The surplus free for excess spending, for excess plant, for foreign philanthropy, and advertising, has demonstrated that the wages paid out in industry today are merely nominal and based on the habits of a time when labor costs were in fact a major item in the costs of production. The average for American industry today is approximately 16 percent.

What has not had recognition, however, is that a reduction in the hours of labor today need not greatly increase the cost of commodities. A general reduction in the hours of labor, made mandatory by Federal legislation, would serve to eliminate partially the costs of industrial waste which are today the major items of the cost of production. In other words, sugary sales attention would be exchanged for leisure and increased bargaining power of the workers. Nor would such a step in any way interfere with the competitive character of United States industry. The struggle for increased efficiency would go on—even be further stimulated. "The contention that real output and real wages would fall if hours were reduced is based on ignorance of modern engineering and is just the reverse of the truth * * *," concludes Dahlberg.²

² Dahlberg: Jobs, machines, and capitalism.

³ As partial supporting evidence comes this report from the management of the Kellogg Cereal Co., which recently turned from the 8- to the 6-hour shift:

Increased daily production from the plant as an operating unit.

Decreased overhead.

Increased return from the capital invested in plant and machinery.

Opportunity for reorganizing working force to fit all pegs in appropriate holes.

Elimination of cafeteria expense.

(Bulletin of the Women's Bureau, No. 105.)

So much for the general background of the bill.

The spiritual opportunities which its passage affords to the millions pressed by modern industry into lives haunted by insecurity and deadened by drudgery the imagination can toy with.

Now must be discussed the difficulties some have felt a bill regulating the hours of labor through interstate commerce would have in finding constitutional sanction. In the first place any conception of a vital society progressing through successive stages of growth cancels out a picture of a rigid Constitution that must be preserved in virginal innocence free from the contaminating influence of times and altered environment. It is not a museum piece but the constant reflection of the attitude of men living in today toward the responsibilities of government. So it was to the men who created it—so it has remained to a remarkable extent to the succeeding waves of living generations that followed. It is not rigid. It is plastic and living. Only those who are themselves dead or mentally rigid can conceive of the duties of government as being similarly conditioned. It was not intended that the Constitution as originally drawn up should remain undefiled amid the ruins of a decaying civilization.

The shipment of lottery tickets was once socially sanctioned. Congress has since seen fit to control the lottery business under the commerce clause of the Constitution and was upheld by the Supreme Court. In the same way adulterated or misbranded foods and drugs have come under the Federal control. In other words, Congress has regulated interstate commerce insofar as the goods shipped were felt to contain socially destructive elements within them.

A piece of paper is of course harmless and cannot be classed with a drug or an adulterated food product. But when a piece of paper carries certain printed matter on it making it adaptable for lottery purposes, then it is socially destructive. In other words, the Supreme Court does not limit its decisions to the inherent quality of the good but rather to the social effects the purpose for which the good created may have.

A suit of clothes produced under 6-hour-day working conditions will differ in no essential respect qualitatively from a suit of clothes manufactured under sweatshop exploited labor conditions. But the effect on society at large of the latter may be to utterly disrupt and undermine all civilized standards of working conditions—it may be to throw more men out of work, to further remove potential consumers from the sources of their consuming power, and so to plunge the Nation itself into economic chaos and to destroy the slow growth of a century's progress.

Those who argue endlessly with fine-spun logic cut from the fabric of former decisions of the Supreme Court resemble medieval scholastics in their complete separation from the pressing concern of present-day life. They reflect nothing more than their own ingrown prejudices. And whatever they may say, whatever the conclusions they may draw, nothing can alter the fact that the Supreme Court itself has 35 times reversed its decisions. Society will act to preserve itself. It is an animal organization. It will use its native intelligence to combat changed environmental conditions. To say that the Constitution, born 150 years ago in, so far as the living are concerned, an alien land, cannot change, is to say that a man born in Florida, used all his life to sunshine and warmth, cannot buy himself a winter coat when he goes North.

With great ponderousness the opponents of the Black Bill pointed to the decision of the Supreme Court in *Hammer v. Dagenhart*: It concerned the transportation in interstate commerce of goods made at a factory in which there was employment of children within certain ages and for a certain number of hours a day and days in a week. The Court by a 5-4 decision held regulation of such traffic to be unconstitutional. In other words the ingrown prejudices gathered from the childhood environment of one old man is assumed to determine whether or not, in the present instance, the Government has the right to act toward affording the opportunity of work, toward offering economic liberty in the land of opportunity and freedom. This type of logic is truly fantastic. Yet it commands much sober consideration. If it were not so tragic it would be funny.

The minority report in this case read: "The act does not meddle with anything belonging to the States. They may regulate their internal affairs and their domestic commerce as they like. But when they seek to send their products across the State line, they are no longer within their rights. If there were no Constitution and no Congress, their power to cross the line would depend upon their neighbors. Under the Constitution such commerce belongs not to States but to Congress to regulate. It may carry out its views of public policy whatever indirect effect they may have upon the activities of the States. Instead of being encumbered by a prohibitive tariff at her boundaries, the State encounters the public policy of the United States, which it is for Congress to express. The public policy of the United States is shaped with a view to the benefit of the Nation as a whole."

To quote Charles E. Hughes: "A dissent in a court of last resort is an appeal to the brooding spirit of the law, to the intelligence of a future day, when a later decision may possibly correct the error into which the dissenting judge believes the court to have been betrayed."

And again on the commerce clause: "How far does the power of Congress go in its affirmative action under the commerce clause?"

The power to regulate is the power to 'foster, protect, control, and restrain.' Chief Justice Marshall said that it was as wide as the exigencies which called it into existence, and it may be added that under the decision of the Supreme Court it remains as wide as the modern exigencies it must meet in relation to interstate and foreign commerce. Few lawyers 40 years ago would have dreamed of the extensive schemes of Federal legislation which have successfully passed judicial scrutiny as to their constitutional validity.

And in conclusion, to allow one further legal voice to sound, one which realizes that a living law reflects the best standards of a living people—Justice Brandeis: "I cannot believe that the framers of the fourteenth amendment or the States which ratified it intended to leave us helpless to correct the evils of technological unemployment and excess productive capacity which the march of invention and discovery has entailed. There must be power in the States and the Nation to remold through experimentations our economic practices and institutions, to meet changing social and economic needs."

One must first know what interest a man represents before his opposition to a progressive measure on constitutional grounds can be taken at full value.

It would be hopeless to try here to investigate in its totality the industrial chaos that is in existence today. It is the hysteria of men, employers and employees, struggling with no firm ground beneath their feet in nightmare turmoil to keep above the slowly sinking mass beneath them. The 6-hour day 5-day week bill would do just one thing. It would set a firm foundation on which to stand—below which no one could sink. It would establish a common ground from which competition could start afresh. It would reopen one clogged gap vital to the reabsorption of labor.

Take the case of a silk mill in Paterson, N.J. The owner in order to maintain himself must travel down every avenue open toward lowering cost of production. The question of laying men off is present and immediate. He must do so in sheer self-protection. He cannot afford, while 530 other manufacturers are laying men off, to consider the broader aspects of the question. It is nothing to him that industry at large is committing suicide and destroying its own market. He must act savagely and quickly. Yet one man, in an effort to outbid all others, is in power to set the whole vicious spiral in action.

Therefore we have this spectacle in Paterson today: Men and women are working up to 17 hours daily in single shifts. The average minimum shift is 10 hours a day—55 hours a week. Wages have of course slipped back to those of a primitive era in silk production. The output per capita has jumped increasingly through the depression years and although many factories work 1 man to 10 looms, the hours of labor since 1929 in Paterson have jumped 25 percent. The individual manufacturer is caught in a whirlpool from which there is no escape. The most unscrupulous leads the way. No one man, unless he wishes to commit business suicide, can either shorten his hours, increase his pay roll, or employ more men.

The problem is a national one.

Take the manufacturing of broad silks in Pennsylvania. Mills do not dare manufacture to stock however much more economical a continuous and stabilized productive chart would be for them. They are reduced to hand-to-mouth order snatching. They are utterly under the control of haphazard selling agents. And the very methods which they are driven into if they would fill any orders at all are driving them to insolvency and bankruptcy. Plants are completely idle from 2 to 3 days a week. Then, with a minimum number of looms in operation, they are run continually the rest of the week on two 12-hour shifts daily. While wages are down over 60 percent, hours of labor have jumped 40 percent. Ninety percent of these mills are concentrated in Massachusetts, Rhode Island, Connecticut, New York, New Jersey, and Pennsylvania. Ninety percent of these mills agreed that the 30-hour week was the simplest, most certain, most practical road from chaos. At a conference of textile manufacturers called by Governor Pinchot the owners declared that general regulation alone could save them from insolvency, relieve them from the pressure of beating one another out in order snatching. Ninety percent of these mills faced the problem realistically and saw that individually they were lost. Ten percent of the silk mills scattered throughout the South, where labor exploitation is taken for granted, by refusing to cooperate, were able to plunge the industry once more into chaos.

The problem is a national one.

The tale of cotton-textile mills is similar. Again a minority of mill owners are able to throw a whole industry out of gear, and the individual is helpless. Mills where scientific management had introduced stability, increased production under shorter

"For a full and adequate discussion of the legal phases touching on the regulation of hours of industry by Congress, see Senator BLACK's speech in the CONGRESSIONAL RECORD of Apr. 3, 1933.

The reaction of a prominent Connecticut banker, for example, is interesting: "Starting with the notion that the measure was unconstitutional beyond a doubt, I finished with the conviction that there is at least a 4-to-5 chance that the Supreme Court will uphold it. I had no idea that Senator BLACK could make so able a constitutional argument."

hours, regular employment, and decent working conditions for employees have been driven to order snatching with the scabbiest southern mill owner driving his looms at full blast by day and by night. In Massachusetts the situation has grown so threatening that Governor Ely has moved to repeal statutory laws to allow night work. Yet the country has cotton looms enough to supply more than its annual needs running on the 30-hour week. But now not only is the individual employer helpless but whole States and sections of the country are unable to protect themselves or their workers against ruthless driving of easy labor.

The problem is of national concern.

The full-fashioned hosiery industry, after long years of struggle, had managed to achieve for itself a certain degree of stability. Now it, too, forced to grab for orders, is at the mercy of the winds. It has equipment to supply the country annually with 40,000,000 dozen pairs of women's full-fashioned stockings. Now more than half its plant is idle. The remainder runs spasmodically. Hours have jumped from 40 to 54 and 60 a week. When orders are in, mills operate through Sunday with wages exactly half their former level. It is no wonder that owners and employees urge the passage of the Black bill. The directors of the Hosiery Association, representing 33 plants in Pennsylvania, New Jersey, New York, Massachusetts, and Wisconsin, declared: "We firmly believe that your bill would provide steady employment for the present working personnel of our industry * * *. It would result in increased hourly earning capacity * * *. It is a tremendous step forward in industrial legislation * * *."

That such a step must be mandatory, must be universally applicable, is self-obvious. There is no other way of jerking the country sharply from its slow certain spiral toward self-destruction. Industry is gnawing its very guts out to seek food for itself.

As a representative of the National Furniture Manufacturers puts it: "Industry must go on bended knees to the Federal Government and beg that the situation be controlled." There are still a great many men who want to go on making money in a decent way.

Actually, after years of hand-to-mouth buying there is a tremendous shortage of commodities in the United States. With knowledge that a majority of the men now detached from sources of purchasing power would again be steadily employed, with uncertainty removed from the lives of those now employed, not only would orders once more begin but a large amount of hoarding would be released into circulation.

The testimony of manufacturers of representative industries over all the United States is overwhelmingly to the effect that even should industry be given its 1929 market not over one half of those now unemployed could be reabsorbed at the present hour rate; it is also overwhelmingly to the effect that Federal legislation alone can prevent what once approached civilization from crumbling into chaos at the whim of the lowest bidder.

In southern furniture mills men are working at 10 and 15 cents an hour.

In Lynn shoe factories men are receiving 6 to 8 cents for a full morning's work: \$1.82 a week is "top pay."

In New Haven, Conn., a dress company is paying its women employees 65 cents a week. In Middletown, Conn., a woman with two children received \$1.40 for 2 weeks' work. And there is an army of 10,000 such women and girls in the United States today—working up to 65 and 70 hours a week. Bargain dresses go big in depressed times.

Eight hundred and fifty thousand railroad workers alone represent a loss of \$1,410,000,000 in purchasing power.

With 15,000,000 unemployed, the most recent and still somewhat conservative estimate, one third of the Nation's population is unconnected with any source of regular income.

Sixty-seven percent of those in employment are working on part time: "The meager wage paid to 1 man for 4 or 5 days' work is divided under the share-the-work plan between 2 men, each working 2 days a week, and each has only one half of what 1 had before * * *."

But relief does not touch these so-called "employed", and many of the completely jobless, though living in chronic poverty, are at least more sure of weekly food rations than those under Mr. Teague's bright little share-the-work movement.

There exists virtual slavery in nonunionized coal mining districts. Bituminous-coal miners have been urging the 6-hour day for a decade; and within that time, from 1920 to 1931, machinery has increased the per capita production from 4 to 5.3 tons a day, displacing 100,000 miners.

It is needless to go on.

One fact is obvious: the bargaining power of labor has been utterly shattered and starvation is a whip in the unscrupulous employer's hand. Other employers must follow—down, down, the inevitable road to stagnation.

Mr. Baker, a Paterson manufacturer, and secretary of the American Raw Thrown Silk Association, put the case well for the Black bill when he said: "Establishing the 30-hour week as the work-week, by law, establishes the right of the worker to a wage for a 30-hour week which will maintain an American standard of living. It challenges the theory that workers of every sort exist to enrich land speculators, stockholders, and financial exploiters,

and establishes the principle that labor is the first fixed charge upon industry taking precedence of any and every investment of capital. Investment of effort is entitled to pay before investment of capital."

The need for this bill springs directly from the indicated trends of American industry during the past decade. It is not in any sense an emergency measure. Besides re-creating lost-job opportunity, it will have tremendous effect on the secondary list of unemployment causes I have drawn up, in that it will force orders for goods to depend upon a stabilized workday conditioning their manufacture. The hire-and-fire system will thus receive another deathblow.

The rigid conditions set forth in the Black bill are far from perfect. But it is an entering wedge for the concept: Hours, not men, must fluctuate according to market demand. The passage of such a bill automatically involves the setting up of such an administrative agency as is proposed in the following section. Wages, too, must come under central authority. The key to the situation is always purchasing power—the primary employer of men.

(3) ECONOMIC ADVISORY COUNCIL: THE MARKET FLOW

"The fundamental principles are that social problems are products of change, and that social changes are interrelated. * * * These interrelated changes which are going forward in such bewildering variety and at such varying speeds threaten grave dangers with one hand, while with the other hand they hold out the promise of further betterment to mankind. The objective of any conscious control over the process is to secure better adjustment between inherited nature and culture. The means of social control are social discovery and the wider adoption of new knowledge. * * *"

"The emerging problem is that of closer coordination and more effective integration of the swiftly changing elements in American social life. What are the prerequisites of a successful long-time constructive integration of social effort?

"Indispensable among these are the following:

"Willingness and determination to undertake important integral changes in the reorganization of social life, including the economic and the political orders, rather than the pursuance of a policy of drift.

"Recognition of the role which science must play in such a reorganization of life.

"Continuing recognition of the intimate interrelationship between changing scientific techniques, varying social interests and institutions, modes of social education and action, and broad social purposes.

"Specific ways and means of procedure for continuing research and for the formulation of concrete policies as well as for the successful administration of the lines of action indicated.

"Out of these methods of approach it is not impossible that there might in time emerge a national advisory council, including scientific, educational, governmental, economic (industrial, agricultural, and labor) points of contact * * * able to contribute to the consideration of the basic social problems of the Nation."

The above quotation is from the findings of the President's Research Committee on Social Trends. It consists of words. Words clothe ideas. Ideas emerge from experience. What do they represent? "A cooperative effort on a very broad scale to project into the field of social thought the scientific mood and the scientific method as correctives to indiscriminating emotional approach and to insecure factual basis, in seeking for corrective remedies of great social problems," answers ex-President Hoover for me.

In other words they represent the emergent realization, reached after an exhaustive survey of the Nation on the part of a committee of intelligent men only to be described as conservative, of the need of the formation of a permanent body of skilled advisers, whose duty shall be objectively to coordinate the always-chaotic, now hopelessly destructive, energies of this organic unit, the United States of America.

The words clothe an idea. The idea that we wish to hold to is this: Men and republicans in general can control more of their economic environment than tariff frontiers.

And what are ideas, burningly apparent ideas, ideas demanding action, put into words for? To inject occasional shots of emotional adrenaline on reference? The depression of 1921 injected many such shots into the principle of voluntary action.

What, for example, is a machine?

It is the material embodiment of an idea that men, in response to a felt need, have had the energy and will to pluck off a blueprint. It does in fact clothe the cumulative ideas of a multitude of minds that have passed through physical experience. A machine then is a cumulative body of thought expressed in material form—an idea acted upon in response to a social need.

Thoughts can be embodied then, even social thoughts, despite the evidence of traceless numbers of committees of investigation that have come and gone with urgent recommendations. Need is not always blatantly apparent.

But the need today for the erection into material form of a permanent body of men, furnishing in the mere act of its erection a constant source of information, applying effective directional

* Hearings before Senate Committee on Manufactures and Judiciary Committee.

pressure, as opposed to continued reliance on amoebic drift, on occasional investigations appointed to probe the cause of a social crisis long after it has occurred, can be emphasized no longer. The futility of depending upon voluntary action grows tedious in stressing. Such action has demonstrated conclusively that individual initiative, as wielded by those few who are still privileged to lay social claim to it, rampant within an interdependent social group, may now only be depended upon: First, to create the crisis; secondly, to sharpen it almost to the point of social disintegration.

Our entire physical foundation is collective in form. I, the bourgeois American of 1933, no less than my father of yesterday, or of 1776, still demand my right to express my individualism. But not at the price of my own nakedness. Am I less myself because of the fact that every physical want I have satisfied is the result of collective effort? The very foundation of my individualism is the collective clothing and feeding of my body. Individualism has no other meaning in terms of modern society; nor can individualism ever effectively express the creed of this individualist nation until society maturely and realistically assumes its material collective responsibilities. Until the day this Nation regards the clothing and the feeding of its members solely as the means toward life, not the end, not life in itself, and shapes its governing powers accordingly, it can never again boast of being the land of the free. And just as long as it postpones that day, just so long will it demonstrate it is no longer the home of the brave.

This is not vapid idealism. It is burning economic necessity. To continue as though living in the land of the open frontier and ever-widening horizon, to so order our physical actions, is, so far as awareness is concerned, to be dead. And death is stagnation—economic, social, or idealistic—any way you want to look on it.

Capitalism as we have used it has existed always as a constantly pressing means, progressing perhaps, bouncing at times, never with an end or goal expressed in social terms in sight. It can be neither expressed nor related in any significant way to the fact of living. I might express it if I suddenly began running very fast and ran for a very long time without knowing where or for what I was running, if I made running the end-all of my life. But actually I reserve my running energy and use it only when it can be directed toward some specific end: It is a weapon I keep by me to catch trains, or to bring physical delight. The constructive powers of our capitalism are not in question. It has constructed a great deal. Much that it has constructed might not otherwise have been built. But I can think of any number of places I do not consider myself morally obliged to run to. The mere fact that the continuance of this capitalism is dependent upon the chance development of "something new", upon something beyond its own powers of control, condemns it as a mode of living for a close-knit social organism willing to call itself intelligent. Men have never been able to eat "something new" when it has not even put in its appearance. That is a power common only to the mental and not the physical sphere of American existence. If I were able to run only when pricked and had continually to look to High Heaven for someone to prick me, I should consider my power of running as neither useful, nor effective. I could not even call it my power.

The welfare of the Nation is irretrievably bound up in its industry. The continued running of that industry is its means to life. To say that that industry cannot be kept running effectively is stupidly to admit defeat. It is the method of running that industry that is at stake. Some of us have rather set ideas as yet as to the efficiency of that method. That method is the chaotic activity, will-less, stupid, undirected, of the amoeba. Unless that bounding energy can be channeled, directed into coherency, it will inevitably not only consume itself, but the very lives dependent upon it. Today it is crushing the structure of civilization it served to build.

No one will deny that its power to build was great. Its cities, its machines, are granted. The towers of its cities glitter in the sun. Take the lid off its cities, and the stink of human decay sickens the nostrils. Look upon this social tower. It is truly beautiful. Now look at the manure pile from which these proud towers sprout.

Look at the soil today: It festers. In the winter of 1933 more than one tenth the population was living on emergency relief, on grants of food intended to stave off only immediate disaster. Three million families are today existing under slow supervised starvation. The most conservative estimates report 500,000 families and more in terrible need to whom relief must be denied. This does not take into account one half to two thirds the remaining working population who are on part-time work. Many of these have been forced to accept wage payments below even adequate levels of average relief. They are, however, unable to obtain relief. To graduate into the world of charity dependence, one must first have earned the diploma of utter destitution. This new American standard of living is set at \$200 a year. "We have been engaged in a great biological experiment in Illinois. We have been experimenting with the minimum amount of money and food that will keep people fairly healthy."⁵⁶ And that would be true the country over, save that the experiment is not always successful.

⁵⁶ Mr. Goldsmith, executive director, Jewish Charities, Chicago.

Travel quickly and superficially through some of the rich cities: New York is the richest in the land. At present it is supporting 108,000 families with tragic inadequacy. There are in addition 30,000 families, equally needy, whom it has been forced to turn away: "It is not a question of efficiency but of lack of funds."⁵⁷ Twenty-two thousand seven hundred and forty eight out of one hundred and eleven thousand one hundred and sixty school children examined were found suffering from malnutrition. There was an increase of 33½ percent of malnutritional cases shown between 1931 and 1932. In September 1931, 17,859 petitions for eviction were filed by landlords; in September 1932, the number was 27,387. Families are being driven into tenements declared unsanitary and uninhabitable 25 years ago. Its Hoovervilles are growing. Its garbage dumps and refuse piles are swarming. Its office buildings and homes are emptying. Its stores are swelled with food.

Look at Chicago: In 1930 families receiving relief numbered 16,500; 1931, 97,000; and in 1932 the figures boomed to 161,000; and all signs indicate a corresponding rate of increase for 1933. Cash payments for relief stopped early in 1932. In 1931 relief expenditures required only 52.4 percent of the amount for food; in 1933, 95 percent goes into food, not because more food is being doled. "Comfort, appearance, decency, or even school attendance are not primary aims of the commission", states the official report. "Milk is a luxury in most of the homes where black coffee and bread are always part of the diet", says an observer. Tenements built to accommodate 6 families now average 12 to 24. In 1 sample month it was found that, contrary to health regulations, 135 families had been cut off from city water supply. And the future? Expenditures for building in Chicago that in 1929 showed an index of 134.2 (1925-29=100) had declined by the end of 1932 to 1.8. In 1930 taxes were levied in Cook County on \$12,206,000,000 of taxable property. On September 2, 1932, the owners of \$5,734,000,000 of this had not yet paid. The date of delinquency was in June. At present 850,000 are unemployed. That is more than half the employable population. The wages in manufacturing industries—for those still retained—have sagged from 100.9 in 1929 (1925-29=100) to 28.5 in 1932. Twenty-eight cents is now received for what was \$1 worth of work in 1929.

Cincinnati is a model city. It has diversified industries. It has not suffered as other cities have. It has one of the oldest community chests in the country. Today 15,000 families are on money relief. The heads of 6,000 more are on work relief at 2 days a week. The remaining 10,000 in distress subsist on grocery supply orders. These 30,000 families mean 20 percent of the population. In the first half of 1932 private philanthropies contributed 65 percent of the total relief, public tax funds the remaining 35 percent. In the second half of 1932 public funds were forced to supply 95 percent. Private charity was sucked dry. Now tax resources are exhausted. On Monday, January 2, all schools were closed to save one week's worth of teacher's salaries. But Cincinnati is well off. It has not the problems of the 1-industry towns to face like Toledo and Detroit. In the latter city 350,000 out of a possible 689,000 are out of work; recently 12,000 families, without investigation as to relative need, were automatically dropped from relief.

Take Pittsburgh, hidden beneath its fog of wealthy names and smoke: Its average relief is 90 cents a person per week, while funds last. On February 1 the feeding school of 8,000 undernourished children stopped. Men are eager for work, even if payment is only by food order. But work relief is not working out, particularly in surrounding towns. Not because there is no work to be done. But because men are too physically undernourished to work, even a 6-hour day. One town of the area with a population of 33,000, one third of which, 2,000 families, is on relief, has been supplying amounts averaging consistently \$5 a family per month. All wants for all families irrespective of size are to be satisfied at that rate. Nor is this an isolated case. In a neighboring coal-mining region, similarly "relieved", a miner pointed out that this sum enabled him and his family of 10, if they lived so extravagantly as to allow themselves 2 meals a day, to consume just one-half cent's worth of food per head a meal. Last year in Pittsburgh private resources raised \$6,000,000; this year, after a persistent drive, \$2,400,000 was reached.

The work-relief problem is by no means limited to the Pittsburgh area and stagnant steel-mill towns. The director of public welfare for West Virginia reports: "It has been absolutely necessary to extend direct relief to applicants to build their bodies up before they can work, and also to furnish them with clothing before they could go to work. That has been true in thousands of cases." In this State the standard of relief has averaged 70 to 80 cents per person a week: "The funds available both from Federal and from local sources have just been about sufficient to maintain the families and keep them from starvation—nothing except food, practically no clothing, and no rents." Medical aid has long since been abandoned, as have been, and are being, many families pressing for even their 70 cents worth of weekly relief.

Nor must West Virginia be thought of as being peculiarly daring in its biological experiments. The first Reconstruction Finance Corporation grants to Kentucky set up the standard of \$1 a month for each family seeking aid. This was recognized as

⁵⁷ William Hodson, executive director, Welfare Council, New York City.

a miscalculation. The error was remedied. Kentucky families are now receiving "adequate" relief: \$1 a week per family. Three schools have just been shut down because of trachoma laid to malnutrition. Tuberculosis and pellagra are on the spread. And now a new monster: "I might say," said Dr. Billikopf before the Senate Committee on Manufactures, "that in 1920, when I visited Poland and other contiguous countries, I came across this disease known as 'xerophthalmia', and in Germany as 'hüner krankheit', a disease which results in continuous blinking, due to lack of food, and subsequent blindness. I saw hundreds of such victims, and I can say to you that of all the devastating impressions made on me on my visit shortly following the war, nothing compared with the sight of children afflicted with this dreadful disease. I thought we were immune in this country, but here comes Dr. McCormack citing specific instances of xerophthalmia, found in Kentucky and possibly elsewhere."

Again, I emphasize, these States are not isolated cases, these cities stand well above the average. From the entire Nation just 116 counties, among them areas such as Salt Lake, Yellowstone National Park, and others not given to hearty appetites, did not send panic calls for Red Cross flour when it was distributed. The Red Cross is able now to meet only 20 percent of the Nation's need for cotton which factories won't produce. I am going at random. In the Pennsylvania coal-mining regions poverty has gnawed for a good many more than a mere 3 or 4 years. In whole sections, particularly in the Harrison region, miners have lived for months on end on nothing but Red Cross flour baked in a pan with water. One investigator, recently returned, reports this to be true of a community he visited: nothing but Red Cross flour during the last 3 months. All New England, holding, save for New Hampshire, aloof from the Reconstruction Finance Corporation and the pauper's oath, is fighting a losing struggle against starvation. Relief has merely served to stave off a series of threatening disasters: a few dollars for food may tide over a month's emergency, but when the months stretch into years, then the body just gives. It does not respond to that sort of emergency.

Private resources in Rhode Island are sucked dry. The textile regions are helpless. Lawrence, Mass., is bankrupt. Boston counts 20,000 women unemployed alone; 3,500 needing relief; 2,800 getting it at \$4 a head per week. Connecticut standards vary. Stamford's rates run from \$3 to \$5 a week for groceries per family regardless of size. Bridgeport has no further funds for relief until April and is unable to borrow. Waterbury is unable to meet its demands for family relief; to date 337 families have been turned away. Men still listed as "employed" get 2 days' work a month at \$2 a day. I ran into one family trying to meet an emergency operation and hospital bill at this rate. Connecticut labor standards have crumbled before the greed for cheap and cheaper labor. She shares honors with a handful of Southern States in showing an increase in child labor. Her sweatshops are rewriting the industrial history of a hundred years ago. Children have been found working up to 80 hours a week; where the trick once used to be pushing back the clock's hands now falsely punched time cards serve.

And so on into the Capital of the land. Washington is now, after continually threatening suspensions, spending \$31,000 a week, each penny of it squeezed dry. While 8,000 families are on relief, another 8,000 have been turned away. The average family of four receives \$3.50 each week to cover all expenditures. Which means 50 cents a day. Which means 12.5 cents a day per person, for all expenditures.

And what is the meaning of all this?

In the present apparently nothing. It does mean that in spite of the approval voiced from the White House acclaiming broad scientific social research, the testimony and advice of skilled social workers counts for nothing at all. It is because words and figures do not hurt. No one can make this real to himself, not even by repeating it slowly, lingering over the words: The slow, sure-working gnawings of semistarvation are destroying the health of a generation to come. That is unreal because it lies in the future: "You cannot feed children skimmed milk this year and make up by feeding them cream next year; what they did not get this year you can never make up to them."⁴⁸ No one, intellectually, would deny this. But the assumption has always been: Skimmed milk might do for one year; next year and all the years thereafter there will be cream. For 4 years that has been the assumption. In the meantime emergency relief has pressed millions into chronic poverty. Now relief is cracking. Further figures would do no good. In the bulk they mean nothing. They become dulled and blunt. More examples of what is happening could paint no broader, truer, more adequate, or more tragic a picture. The mind would merely refuse them. Cincinnati's and Kentucky's schools must stand for the 3,000,000 children today pressed from school either because of shut-downs, or for lack of decent clothing. Connecticut's children must stand for the 2,000,000 staging a nineteenth century pageant in factories today. New York's malnutritional cases mean tuberculosis and malnutritional anemia worming its slow way under the health of the Nation. Fifteen million two hundred and fifty-two thousand

unemployed. The figures knock at the mind but do not enter. They knock and pass away. It is the haunted eye that remains; one man alone blubbering, bewildered like a little boy; one scarecrow shivering on the highway; one listlessly dull face; one pile of furniture in a snowdrift; one piercing "What can I do?" It is the One that remains alive.

But what about the future, since the present can be ignored?

It is against this background that decisions must be made. I have not painted it because of a sentimental zest for social horror. I am not drawing a picture of hell the better to point my vision of heaven. I am not trying to imply evil minds in order to point out the need for beautiful minds. That has been the trouble. The situation has been regarded rather as the inevitable consequence of men's living together, the rich and the poor, than as an economic monstrosity, than as the logical result of cause and effect, than as something created and irritated by man's stupidity to be adjusted by his intelligence.

Stupidity may be the wrong word. A doctor would not be called stupid, today at least, who refused to apply his training, his experience, his scientific resources, to the curing of a disease, but insisted instead that the patient should first of all pray for confidence and hope and then wait for the conjunction of Mars with Saturn in the ascendant, which might or might not occur during the patient's lifetime; who, observing his patient in a fever, prescribed a concoction of fresh-minced toad skin, powdered baby's skull, and saliva, because these things being cool would most certainly draw away the heat, and furthermore were obviously remedial because sick men in the past had taken such cures and had afterwards recovered; who recommended starvation and opened a vein though the patient was languishingly weak and in need of simple nourishment; who then took his way, happy and content that he had done his best, to receive his customary fee from the apothecary, all the time praising the objectivity of science; who, when the patient died because of blood-letting and starvation, reproached himself for having overbalanced the proportion of toad skin in his remedy, and resolved next time to be more careful, still singing the praise of his science.

Our physicians have preached the necessity for confidence without knowing in what to place it, have looked for something to happen without knowing whether it might or might not occur; ignoring the body of the economic patient of whose condition the phenomenon of collapsing property values is but a feverish expression, they have prescribed a remedy of mortgage, bank, insurance-company, and railway loans, confident that they have struck at the source of the disease; ignoring bodily weakness, they have starved and let the blood of their patient with false economy; and, praising the value of scientific knowledge, they have not once turned to the equipment science has placed in their hands, nor sought to restore the energy and vitality of the economic body by allowing it to combat fever, nourished and strengthened by its own material resources.

What is there to rely upon?

(1) We have abundant productive forces, not only in factory and in field, but also in inventive power and in the vast reserve of physical energy that lies waiting to be tapped in the bodies of people.

(2) We have in the wants of our population, on the other hand, abundant, insatiable as far as we are concerned, desire.

(3) Coupled with desire we have poverty, poverty in the mass that makes it, now, impossible for this desire to be expressed in effective demand. American housing conditions rank with the worst in the world. Malnutrition has never been fully conquered. There is and has been on all sides an endless craving for more and better food, clothing, and housing, as well as for leisure and the opportunity to use some of the luxuries our machines can produce, the opportunity to even see what our minds can produce. Two thirds of this craving, however, gets an income in normal years of less than \$2,000.

(4) On top of this we have excessive savings on the part of a small high-income group, savings that are sheer social waste and infinitely costly to the savers unless they are productive. This is what is known as overproductive capacity. It is obvious, however, that this productive ability is only, or primarily, excessive when defined in terms of a given market buying power. Excess savings are embodied in mills, factories, warehouses, fertile fields, and advertisement slogans. But as such they do not represent wealth. They are only potential wealth so long as they are idle. A railroad car carrying people or goods has value, not abstractly but actually; people and goods are paying their way. The car has value both to its owner and to those who use it when it is active. An idle railroad car is just so much steel and wood and will remain just so much steel and wood until it decays, no matter how much gold we pretend to dump into it to sentimentally maintain its active value. Value is only realized in terms of social use. Idleness will only serve to eventually consume all the wealth activity has produced. The savings of the rich have got to be used. More and more must be produced. More and more must be used.

(5) Self-evidently the one thing lacking is an effective market. We have in superabundance all the potential wealth we have ever had. Only our method of using it stands between. According to this method buyers are needed. They are the market. And absorptive markets alone can create wealth. All claims to wealth come to producers ultimately from their market.

⁴⁸ Grace Abbott.

The question is then: How get claims to wealth into the market so that producers, in order to produce, may get them out again? How was it done before? I am not going to run back through the last century of our history again. But obviously it was done through employment. That is the sole way the market can obtain its claims to wealth. Producers used their savings. They built. They did a great deal of building. And some of the building they did opened new sources from which claims to wealth could be obtained. And while there was new country to be built up, while there were old wants to be satisfied, new ones to be created, the process took care of itself with a certain degree of regularity. Preaching the high standard of living, rounding up cheap labor gangs abroad to keep it down, all moved ahead.

Immediately following the war there were new houses, factories, apartments, hotels, to stimulate the building trades with their starved yet effective demand. The boom in private construction was over by 1928, leaving 2 percent of the population in new houses. It is estimated that directly and indirectly because automobiles were built, 4,000,000 new jobs were opened. The radio, too, required its new factories, men to run them once they were built, required men to sell and to advertise them. And it in turn opened new fields of activity, new advertising channels, magazines, and the running of broadcasting stations. Recent Social Trends lists some 150 ways in which lives were influenced by the radio. The same story is true of the new electrical appliances. And all of these stem from the lucky accident that wages stood high at the end of the war. While building went on, wages served to absorb the products of things already built; but, in spite of mass-credit pegging, they never could support the increasing new burdens thrust upon the market they were allowed to represent. In a sense consuming power was brought into being only to be killed by the technic and abundance of productive capacity.

What is building? And what are wages? Building is continued in anticipation of future wealth. Wages are paid out while the building is in progress. They are paid before the facilities constructed are ready to produce or to serve. In other words, the wages paid out in anticipation of the sale of goods which have not yet been produced add to the demand for goods now being supplied without adding to the supply. The advance financing in anticipation of new wealth absorbs the old. It is only by maintaining a constant flow of claims to wealth to the present market, then, that productive facilities constructed in the past can reclaim the investment of money they represent. W. T. Foster puts it: "We get on only when the cost of preparing for future production is enough, in addition to the cost of current production, to give people the money they must have if they are to buy all the goods that are already ready."

So far, so good. Fate has been kind. It has provided enough new land, enough new wants, to stimulate employers to putting money into the present market with fair consistency. The social organism which this chaotic activity represented has continued to be moderately healthy. In other words, the key to every situation examined has been in the furnishing of claims to wealth to the consumer's market. This is true whether one looks at it sociologically or from the economic point of view. Consuming power in the hands of the individual is the key to richer life, his one key to any sort of life at all. Consuming power in the hands of the masses is the key to steady production and use of what otherwise is so much dead, inert matter. Consuming power is the key then to the security not only of the wage and salary earners but of owners, of investors as well. It is, in short, the key to all social wealth. It is the stimulation to activity that alone can give significance to value of any sort, whether it be expressed in land, in factory, or in securities. It creates the wealth of every man from farmer to bank president to Government Budget balancer.

The key then to effective economic control in a land where people will still insist on the right of determining for themselves what they wish to buy lies in the power to channel the flow of claims to wealth. This need not mean "Government in business." There is no reason it should want to run factories if it can be sure others will run them well and keep them running. What it does mean, for the present at any rate, is government in borrowing, government in taxation, government in public works—and in a big way.

And if the Government intends to be intelligent about it, it means most certainly a board of intelligent advisers in whose hands building and taxation will be given coherency, direction, and integration. The fantastic picture of a land starving itself because it has too much idle capital, too many idle hands, too many fertile fields, too many productive factories, is an absurdity that can no longer be tolerantly stomach.

What is America? America is the sum of its inhabitants. It is the total registered when 48 States with each man, woman, and child they contain are piled one on top of the other. The Government is the medium by which, in theory, this total expresses its will.

America cannot afford to go on strangling herself.

America cannot afford to go on forcing her inhabitants and consequently herself into the hopeless stagnation of chronic poverty.

America can no longer run the risk of allowing unchecked the sources of her claims to wealth, wages, and salaries to run dry; nor can she go far on the present trickle.

America cannot pay the price of restricted production.

America cannot hang herself by the rope of economy; she has succeeded in numbing the will to live of one fourth of her own body to date by so doing, and she is on the verge of utter self-destruction.

The Government can alone spend money. It alone has the power to borrow. If a war emergency should arise tomorrow, there would be no hesitancy on the part of the Government to borrow, to mobilize its credit, its natural resources, its productive ability, its manpower against the destruction of an alien foe. What does Government spending today mean? It means exactly what it would in the case of a private enterprise that borrowed money in the form of investments, and paid it out in the form of wages, materials, and costs of fabrication in the building of a plant intended to bring in returns in the future.

America can afford no longer to put off the day when she must invest in her own future. Supporting the burdens of the past has proved disastrous.

And if America chose to spend money on parks, on buildings, on gardens, on bridges, or slum destruction, on roads, national highways, reforestation, public employment agencies, the redistribution of the wreckage of industries of the past—on making herself a more beautiful, more desirable place in which to live—it would be fantastic to say she was destroying her own credit and her own wealth. She would not only immeasurably enrich herself; she would give new energy and hope to millions of inhabitants, listless and without hope today. She would be taking money out of one pocket where it is now idle and useless and putting it into another where it would be stimulating and effective. She would be creating new efficiencies for herself, laying down the roads to a new and more real progress and prosperity. If the balance on the books for the moment looked a bit lop-sided, that, as some one remarked, would be only a temporary optical illusion.

America's immediate task then is to enable her people, and therefore herself, to produce the wealth they are longing to produce. The idle factory falling into decay is no more stimulating a sight to the employer than to the employee. Both are for the moment helpless. Nor does the idle factory contribute much toward budget-balancing. The Government is the only business enterprise today that can spend in anticipation of future wealth. Factories will not and cannot run without buyers. The national debt today is less by \$5,000,000,000 than it was at the end of the war. To declare an emergency, to launch a mobilized campaign against the fantastic nightmares of destructive economic forces is just as much within the Government's power today as it was in 1917. To continue rooted in stagnancy means inevitable decay and terrible suffering for those asked to go foremost. To act . . . there is no real choice. And factories when the wheels are spinning produce consumers as well as goods. It is within the power of the Government to produce a few consumers first.

And the future?

We must step back and give integration to recommendations.

What was sought was an equilibrium of outlets: The outlet for surplus man-hours into leisure; the outlet for goods into an absorptive market. For markets to be absorptive claims to wealth are constantly necessary; a directing of potential recipients of claims to wealth from old source to new source through interlocking employment agencies is thus seen as an economic as well as a social necessity; and finally a directing of the flow of claims to wealth in itself through borrowing and taxation resulting in timely public building and important Government research and service jobs establishes the need for a permanent board of Government advisers, if the equilibrium is to be maintained.

The key underlying all this structure is the key of constant consumption.

It was with that in mind that public employment agencies are urged. As constant sources of new information; linked with universities as they are now in Minnesota, the significance of their constructive ramifications is endless, depending on the skill with which they are handled in each community. But their immediate economic significance lies in that they will hasten the flow of essential consumers between source of wealth and source of wealth.

It was with that key in mind that the principle of the 6-hour day, 5-day week was urged.⁵⁰ It is an experiment hazardous and impossible for one producer to adopt. But its relationship to the whole is immediately established when it is looked upon as creating new sources from which wealth may be poured into the consumer's market. As in the case of employment agencies it, too, contains infinite social ramifications.

And, finally, it was with that key in mind that immediate Government spending was urged on a new Liberty Loan scale; to preserve the equilibrium once established that the economic advisory council was set forth.

All bear an inherent relationship to one another. One would be almost meaningless without the other. There is obviously one remaining gap. I have not dealt with the principle of unemployment insurance before this, partly because its immediate establishment would be impossible, partly because it is dependent upon the previous erection of public employment agencies for effective

⁵⁰ "The 6-hour day and the 5-day week are methods of distributing the loss of jobs in a less inequitable fashion."—R.S.T.

administration.⁶⁰ And I bring it in here because it plays an essential part in the automatic adjustment of consumption power to production capacity.

Fluctuation in industry will continue: "The technologically unemployed are a changing aggregation of individuals, and a solvent unemployment fund would do much to mitigate the distress which many now suffer before finding new openings." That, coming as it does from Recent Social Trends, at least carries with it President Hoover's assurance that it is far from a mere emotional plea. Unemployment insurance is as much for the welfare of the community as it is for the individual covered by it. Flow in purchasing power must be maintained. Unemployment insurance assures a certain minimum below which retail trade cannot fall. It will therefore be one of the duties of the council, acting through the system of employment agencies as centers for distribution of benefits, and as checks on the sincerity of applicants in their desire for work, to erect a system of unemployment insurance whereby Government, industry, and workers shall guarantee to themselves and to society at large further economic security.

The burden on industry? The Ohio State Commission on Unemployment Insurance has estimated that if in 1923 the State law had been passed, the fund would have produced \$50,000,000 a year by a charge of 2 percent on the employer, 1 percent per employee, on the total pay roll. There would, at the beginning of the depression have been a reserve fund of \$100,000,000. During the years 1930 and 1931, \$180,000,000 would have been distributed as against the \$25,000,000 actually given out in relief. Had a 4-percent charge been used as the basis for calculation, rather than the 3 percent, a fund would have been reserved to last through 5 years of depression. When one considers the effect the distributing of this fund would have had on retail dealers, on banks, and on landlords in such times of depression, its significance is self-apparent. The burden on industry amounts to less than 1 percent of the cost of production.

The main obstacle in the way of its adoption is prejudice. The method of administration, once action has been decided upon, presents no difficulties. No subject has been more investigated or studied. Neither industrialist nor wage earner is responsible solely for unemployment. No one industry alone can be expected to care for its unemployed. The matter is the concern of society at large. It is for that reason that contributions should come from employee, employer, and the Federal Government. Only so can the risk be evenly distributed. And particularly should the upper income levels be reached in its support. Enough has been said elsewhere to relieve us here of the necessity of dispelling once again the illusion that leads one to depend either upon voluntary or local action.

Prejudice is the main enemy of unemployment insurance. Prejudice, before a terrible demonstration, is rapidly being swept away. This much is obvious: wages afford no security; relief is not only degrading but inadequate; no country has suffered so severely in depression as America; no country leaves its workers so completely unprotected. Yet the dole is still spoken of with contempt. England's economic depression, ignoring the reality of her dependence on world trade, is blamed on the dole. The Republican administration encouraged this mistaken conception. In conclusion let England, after a generation's experience with unemployment insurance, defend herself, paint a true picture of what such insurance means in times not only of severe depression but of normal industrial advance.

The following is taken from the final report of the committee on industry and trade, quoted from Epstein's work. The committee was appointed in 1924. It was headed by Sir Arthur Balfour. The final report was made in 1929:

"We regard the establishment of a practically universal system of compulsory insurance against unemployment as one of the greatest advances in social amelioration made during the past generation.

"On the broad question of the merits and value of the unemployment-insurance scheme as a whole, both from the point of view of general social welfare and also from that of industrial and commercial efficiency, our opinion is that the scheme has amply

⁶⁰ The passage of the Wagner bill since the first writing of this report changes radically the immediate importance of unemployment insurance. Had an employment service worthy the name been in existence at the time of writing, unemployment insurance would have received far more space and emphasis than is given it in this report. The relation of such a service to any insurance scheme is well stated in Isador Lubin's summarizing of the Senate's inquiry into unemployment in 1929: "The condition that the unemployed workman must make application for benefit in the prescribed manner is the very core of the scheme. He is required to register at the employment exchange the fact of his unemployment. The exchange knows or is able to ascertain whether his unemployment is due to lack of work in the establishment in which he has been engaged. It is able to find him work in his own occupation in other establishments in the district if vacancies exist. It might even help him to obtain employment in some other part of the country. The employment exchange thus controls the payment of benefit. It administers the test which qualifies for benefit. The unemployed workman, when he presents himself at the exchange, may thus be offered either new employment or unemployment benefit."

justified its establishment. In normal times it provides a much needed method of enabling a worker to safeguard himself against the worst evils of industrial fluctuations. For the individual to provide such a safeguard by means of his own thrift is of course impossible in view of the incalculable character of the risks to which industry is exposed. Nor do we think that any basis of insurance is really satisfactory, short of one which covers the whole field of industry, or at least the principal industrial groups, inasmuch as any narrower scheme would effectively check mobility as between insured and uninsured occupations. That work people should by some method of insurance be safeguarded against the worst risks of involuntary unemployment is, in our opinion, a very great advantage, not only to themselves, but to the trades which they follow. For nothing is so detrimental to industrial capacity and morale as long-continued idleness without sufficient means of sustenance. The employers' contributions to the unemployment fund represent a negligible addition (averaging much less than 1 percent) to the total costs of production, and we are satisfied that, on the whole, the resulting advantage to them has very greatly exceeded any burden of this kind.

"How the country would have fared had not the insurance machinery been available in its time of need, we find it difficult to imagine. Throughout the last few years it has been a matter of constant comment that so deep and prolonged a trade depression has produced so little actual suffering in comparison with the experience of far slier and more transient periods of depression before the war. There has been practically no decline in the consumption of the essential necessities of life in spite of the fact that a million or more workers have been earning no wages at their trades. For this happy result, a large part of the responsibility undoubtedly rests with the unemployment-insurance scheme.

"Has the task been performed too well? Has the removal of so much of the terror of unemployment relaxed the will to work? It is often lightly asserted that this has been the case, and the experience of the United States, where no such system is in existence, is frequently cited in favor of the view that Great Britain has artificially increased the burden of unemployment by the measures taken to diminish its hardships.

"So far as any conclusions can be safely deduced from the very partial data available, it would seem to be that the volume of industrial unemployment in the United States has of late years fluctuated more violently and rapidly than in Great Britain, and also that the average percentage of unemployed persons in American industry has been at least as high as in this country.

"It cannot be said that the figures of industrial unemployment in the United States give any support for the view that the mass of unemployment in this country is to any material degree the result of the measures taken for mitigating the resulting hardships and could be appreciably reduced by discontinuing those measures."

In brief, the final verdict of England, looking on the misery that now reigns in America is: "What would we have done without it?"

Further sermonizing is unnecessary.

Mr. LEWIS. Mr. President, I have previously tendered an amendment to the amendment of the Senator from Washington [Mr. DILL]. I am informed by the Chair that my amendment is inappropriate, in view of the fact that the amendment of the Senator from Washington had been previously accepted and was closed as to the matter of amendment thereto. Therefore I offer an amendment to place at the end of section 3 of the bill the provisions of the amendment which I had tendered. I ask leave to propose an amendment, at the end of section 3, after the word "effective", being the last word of the section, that there shall be added the words "nor shall this bill and its provisions apply to perishable products of livestock, poultry, milk, or their products." Later I shall explain the amendment.

The PRESIDING OFFICER. The amendment will be received and lie on the table.

Mr. REED. Mr. President, in opposing the bill I would not have it thought that I am not a strong believer in what is known as the "share the work" movement. I do not believe that in any community has that movement been carried farther or with greater success than in the Pittsburgh district, particularly in the steel mills. Today every

⁶¹ This discussion of unemployment insurance is totally inadequate, for reasons stated above. The best accounts of the subject may be found in three recently published books: *Standards of Unemployment Insurance*, by Paul Douglas; *Insecurity, a Challenge to America*, by Abraham Epstein; *Insuring the Essentials*, by Barbara M. Armstrong; more briefly, in Harry Laidler's pamphlet, *Unemployment and its Remedies*; and in Mary Gilson's *Unemployment Insurance*.

effort is being made by alternating days of work to provide some work for all of the regular employees of that industry although the industry itself at the moment is operating at something less than 20 percent of its capacity.

The question involved here, however, is whether Congress, by a pretended exercise of its constitutional power to regulate commerce, shall adopt a prohibition of commerce in articles which have their origin in factories, workshops, or whatnot, where any individual has been permitted to work more than 6 hours in 1 day or more than 5 days in 1 week.

I invite the attention of the Senate to the fact that it is not required by the bill that the object thus prohibited from going into interstate commerce should itself have been the product of longer hours of labor than are allowed by the bill, but every article from that particular establishment is embargoed from interstate shipment if it be that one individual on one occasion has worked longer than 6 hours a day. Think of the absurdity of that; and yet that is the language of the bill itself. If it so be that some clerk, trying to catch up with his work in the office, has worked 6½ hours a day, then everything made in that great plant in which that clerk is employed is prohibited on the face of the bill from being shipped across the State line.

The Supreme Court has already told us in *Hammer v. Dagenhart* (247 U.S.) that it is unconstitutional for Congress to attempt to prohibit commerce in articles made from forbidden child labor.

Mr. HASTINGS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Delaware?

Mr. REED. Certainly.

Mr. HASTINGS. I am wondering whether the inhibition would not also apply to the person who owned that particular business as well as to the clerk as in the instance cited by the Senator from Pennsylvania? It seems to me it would apply to any person and would prohibit the owner of the business himself working more than 6 hours in his particular line.

Mr. REED. I think that is true.

The Senator from Oklahoma [Mr. GORE] suggests sotto voce that it was before the "new era" that Hammer against Dagenhart was decided. I have the highest respect for those Justices who now comprise the Supreme Court of the United States and I should think that I were something wanting in that respect if I were to vote for this bill on the assumption that they intend to ignore the decision of their own Court in Hammer against Dagenhart. It is just as important that the law should be settled as it is important that it should be settled right. I have the utmost confidence that the Supreme Court as it stands today is going to declare this bill unconstitutional if it passes: First, because of the fact that we are undertaking here to regulate production and not commerce. The rule in Hammer against Dagenhart says that that is an unconstitutional attempt. Second, if we had all the power over production that is enjoyed by a State legislature, without any constitutional restrictions except those in the Federal Constitution, I say that even then we could not validly limit the hours of labor as is attempted to be done in this bill, and for authority on that question I cite the familiar *New York Bake-shop case*.

Mr. BLACK. O Mr. President!

Mr. REED. I am aware of the Oregon case, which has come since. There the decision was based on the fact that it was essential for the protection of the health of the workers of Oregon to limit them to hours of labor that were somewhat much more liberal than are proposed in the pending measure. I do not believe that the Court would say that it is within the police power of any legislature to limit the hours of labor in all industry to 5 days a week and 6 hours a day.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had

agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3342) to provide revenue for the District of Columbia by the taxation of beverages, and for other purposes.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (H.R. 3342) to provide revenue for the District of Columbia by the taxation of beverages, and for other purposes, and it was signed by the Vice President.

RELIEF OF AGRICULTURE

Mr. SMITH. Mr. President, it is so essential in order that the measure may be made ready for the consideration of the Senate to submit the report on it now that I ask the Senator from Pennsylvania if he will yield to me to report the so-called "agricultural relief bill."

Mr. REED. I think it is highly appropriate that that should be done at this time. The bill pending will pretty nearly extinguish the last gasp of industry, and the bill which the Senator from South Carolina is about to report will do the same thing to the farmer. [Laughter.]

Mr. SMITH. Mr. President, from the Committee on Agriculture and Forestry I report favorably, with amendments, the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power, and I submit a report (No. 16) thereon.

I hope Senators who are interested in the bill will take advantage of the opportunity before we meet in the morning to read the bill and prepare themselves for its consideration, because I want to expedite the measure as much as possible.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Pennsylvania yield to me?

Mr. REED. I yield to the Senator.

Mr. ROBINSON of Arkansas. Of course, the apparently humorous allusions of my friend from Pennsylvania to the pending bill—

Mr. REED. I spoke more in sorrow than in humor, Mr. President.

Mr. ROBINSON of Arkansas. And to the agricultural relief bill may produce merriment, but I think every Senator here must realize that there are conditions pertaining to both agriculture and employment that should prompt and stimulate every mind in the Senate to some action calculated to work a change in the conditions that for many years have been prevailing and which have been gathering force. We know that there are millions of men out of employment; that this unemployment has been brought about by factors which are more or less permanent in their influences and effects. The object of this bill is to spread employment, so that some of the millions—

Mr. REED. The Senator from Arkansas is speaking about the bill now pending?

Mr. ROBINSON of Arkansas. Yes.

Mr. REED. Will not the Senator allow me to finish? My time is limited.

Mr. ROBINSON of Arkansas. I will conclude in a moment. I am not willing, Mr. President, to sit here and hear these great measures made sport of by Senators who have done little or nothing and who propose little or nothing to bring about changes in the economic system that is wrecking both industry and agriculture in this Nation.

Mr. REED. Very good. Mr. President, if it shall be considered making fun of a bill to point out its absurdities, I am going to continue to disappoint the Senator.

5-DAY WEEK AND 6-HOUR DAY

The Senate resumed the consideration of the bill (S. 158) to prevent interstate commerce in certain commodities and articles produced or manufactured in industrial activities in which persons are employed more than 5 days per week or 6 hours per day.

Mr. REED. Mr. President, in the few minutes left to me, I propose to point out how the pending bill is unfair to the laboring man himself.

Imagine, if you will, Mr. President, the feelings of a workman who perhaps has just recently found a job after having been idle for a year who reads in the newspapers that the American Congress, without consulting him, has cut down his earning power, say, 25 percent in the job that he needs so desperately. "Has cut down his earning power," I say, because obviously he is not going to be paid the same for working 6 hours a day as for working 8 hours a day. How many American workmen are there in times such as these who do not consider it a privilege to have 8 hours of steady work in a day? How many of them want to drop their tools and go home at the end of 6 hours to a family already inadequately provided for? How many of them want to substitute 2 hours of idleness for 2 additional hours of work? How many of us limit our work to 6 hours a day?

Mr. LONG. Mr. President—

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). Does the Senator from Pennsylvania yield to the Senator from Louisiana?

Mr. REED. I yield for a question.

Mr. LONG. Does the Senator from Pennsylvania ever play golf? [Laughter.]

Mr. REED. I do not.

Furthermore, Mr. President, this bill is equally unfair to American industry. Imagine yourself, Mr. President, the head of a factory in New Jersey or Rhode Island or eastern Pennsylvania, already having tremendous difficulty in competition with cheap foreign labor, already up against competition with Belgium and Germany and Czechoslovakia, whose wage rates are so low that they would scarcely keep body and soul together here, and which are sending us goods with which we are having a terrific time to compete. Imagine the feelings of the manager of a mill along the Atlantic seaboard who is told that he has got to go on a basis of four 6-hour shifts a day, and that he is expected, as several Senators have said here, to pay as much for 6 hours as he has been paying for 8 hours. How can he compete with cheap foreign labor under such an additional handicap?

Finally, Mr. President, I say that the bill is utterly unworkable. Let me give the Senate some illustrations to prove the truth of that statement. Take a blast furnace in which iron is made; take a chemical pulp mill, as to the details of which the Senator from Maine [Mr. WHITE] can testify; the operations must be continuous in those and many other establishments. It means, therefore, a 4-shift arrangement, each shift working 6 hours. But suppose when the 6 hours of work have been completed, and each man is expected to drop his tools and go away, his place instantly to be taken by his relief, the relief does not get there, as very often happens. The street car is late or the relief has fallen ill and does not show up at all. What happens? Either this proposed law must be violated and every product of that factory be embargoed or else the blast furnace is utterly ruined and burned out. What alternative is there? Suppose the electrician of the plant has worked for a full 6 hours and during the night a short circuit occurs. The practice at present is to call him out of bed and get things fixed right away, but under this bill those operating the plant would not dare do that; they would not dare even to make emergency repairs; they would not dare to substitute for a sick man by asking his predecessor to remain at work.

Those are just some of the familiar instances of the day-to-day work in factories that would be rendered utterly impossible by this bill. And when it becomes necessary to divide the 30 hours and try to divide up the week in an enterprise involving continuous employment it will be found that in order to keep the mill going 24 hours a day all week—and that has to be done in the production of iron,

because blast furnaces know no Sundays—5 shifts will have to work 30 hours a week and 1 shift 18 hours a week, and how can anyone in the United States live on present wage rates when he is working only 18 hours a week? Heaven knows some men are trying to do it now because of the shortage of work, but their families are well-nigh starving.

Take the superintendents and the clerical force and the accountants. Can there well be four shifts of such employees? How can a plant have four superintendents succeeding each other throughout the day? Yet this bill covers superintendents just as much as it covers common labor. For that reason, I say, Mr. President, that in practice the bill is going to be utterly unworkable.

The PRESIDING OFFICER. The time of the Senator from Pennsylvania has expired.

Mr. REED. I have almost finished, Mr. President, but I will speak on the amendment.

The effect of this bill is going to be either one thing or the other; it must necessarily be that it will either raise the cost of production of manufactured articles or else it will lower the wages of those engaged in the production of such articles. There can be no other alternative.

Mr. WHITE. Perhaps it will do both.

Mr. REED. Perhaps it will do both; but certainly one or the other will be the result. And how can Senators explain to their farmer constituents, who themselves are in such desperate straits at the present time, that they are passing a bill here that is going to raise the cost to the farmers of every manufactured article they purchase; and if it does not raise the cost to them—and I think it will—then inevitably it means at least a 25 percent reduction in the day's earnings of the factory laboring man? How can Senators explain that to the workman?

Mr. President, we never yet got ourselves out of a depression by loafing; we have only gotten out by hard work. As the Senator from Oklahoma says, this may be "a new era"; but there are some principles that still remain true. The law of gravitation is still with us; the law of supply and demand is with us; the law of thrift is with us; the law of hard work is with us; and that is the only way we are going to get out of the present depression.

Mr. President, I ask unanimous consent to print in the RECORD at this point a telegram which I have received bearing on this bill.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

PITTSBURGH, Pa., April 5, 1933.

HON. DAVID A. REED,

The Senate:

Black bill (S. 158). Manufacture of steel, particularly blast furnaces, is a continuous operation, working 3 shifts of 8 hours each per day and 6 hours a day 5 days per week would so split up working hours that total number of men would get less earnings, and unless rate of pay is reduced would add at least 25 percent to labor cost and make it easier for foreign competitors to ship goods into the United States. To meet foreign competition would require either higher tariff or reduction of earnings nearly equal to that of Europe. This surplus of labor will only continue until this depression is over and then there will be in all probability a shortage of labor. We must strenuously object to this bill.

HOMER D. WILLIAMS,
President Pittsburgh Steel Co.

Mr. ROBINSON of Arkansas and Mr. LEWIS addressed the Chair.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Maryland [Mr. TYDINGS].

Mr. ROBINSON of Arkansas. I do not wish to address myself to the pending amendment; I wish to offer an amendment.

Mr. WALSH. Mr. President, I ask that the pending amendment may be reported.

The PRESIDING OFFICER. The amendment of the Senator from Maryland, which is now pending, will be stated.

The CHIEF CLERK. Following the amendment offered by the Senator from Washington [Mr. DILL], and heretofore agreed to, it is proposed by the Senator from Maryland to insert:

Newspapers and periodicals are not included in the description of the business activities herein designated.

Mr. BLACK. Mr. President, I merely wish to state, as I said on the floor yesterday, that the descriptions in the bill do not include newspapers and periodicals. I do not see how anyone could by any stretch of the imagination construe those descriptions to apply to newspapers and periodicals. Of course, I have no objection to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Maryland [Mr. TYDINGS].

The amendment was agreed to.

Mr. LEWIS. Mr. President, I ask that my amendment be now laid before the Senate.

The PRESIDING OFFICER. The question now is upon the amendment offered by the Senator from Illinois, which will be stated.

The CHIEF CLERK. On page 3, at the end of line 10 in the committee amendment, it is proposed to insert the following:

Nor shall this bill and its provisions apply to perishable products of livestock, poultry, milk, or their products.

Mr. LEWIS. Mr. President, I beseech the courtesy of Senators while I present to them such explanation of this amendment as has been presented to me by those from whom I accept it and in whose behalf I tender it with a complete consciousness of the justice of their request.

The amendment, which has been adopted, presented by the able Senator from Washington [Mr. DILL], to come in on page 2, line 9, after the word "day", reads as follows:

This section shall not apply to commodities which a cannery or manufacturing plant produces by canning or preparing for marketing or commerce, fish, seafood, fruits, or vegetables of a perishable character.

Senators, let me not disguise the fact that it is the packers of my city, whose very large undertakings have become, of course, one of the great industries of the community, which I have the honor in part to represent, whose enterprises will be affected by the amendment.

I have not been in accord politically with the masters of these great products. We have not been in harmony in local or State contests. Frequently we have had many antagonisms, in which I have not always been successful. I am sure, however, no Member of this honorable body would assume for a moment that because of my political conflicts I would not present with as much fairness as possible to my conception of the complete justice their demands which they present as necessary to equity and right in their behalf.

They contend that this exemption which is given to the canners from the far Northwest should apply to them. They point out a matter with which I am not so familiar otherwise than to present it to you as it is presented to me—that in presenting the foods to the country there comes a time when those around them will offer, whether it be milk, or, in the immediate surroundings, the products of poultry, milk, vegetables, and meat, in large quantities, which they can immediately purchase and immediately prepare for a demand which they say may at once be very great. They assert that if they are compelled to obey the bill literally they cannot work long enough, or let their men who are specialized in the particular task work long enough, to put the products in such marketable shape that they may be at once transferred to the demand necessary to the consumption. They say that if they are compelled to abide by the bill and are not allowed under those conditions to take advantage of the situation as it will be presented, they will be prevented from buying from the farmers around them; that the farmers would not be able to sell to them. The packers would be conscious that they would not have time

enough to turn the substance into such shape as is necessary for consumption. Therefore the packer would not buy the products from the farmer. The farmer in these surroundings would lose his market; and the packer would lose the market of those who sought to consume, because there would not be the opportunity to put the products in such shape as would enable them to be sold. In addition, it is said that the products, being perishable, must be acted upon at once, for, failing to be acted upon at once, they perish in their usefulness.

Furthermore, it cannot be said that an increased number can be put to work, and therefore by that means the plan of the bill can be carried out. Much of the work is particularly specialized. It must be done by men who have been educated and skilled in the art. They alone can do it. To attempt to bring in others merely because the number is accumulated would bring in those who were not skilled in the art or capable of executing the work.

Next, if they stood in this emergency, where they had a chance to buy from the farmer and sell to the consumer and did work overtime, as set forth in the bill, they would become at once criminals under this bill and could be prosecuted.

Lastly, they could not ship the product to any States around them, because the bill would prevent the shipment though there were ever so slight a time consumed in addition to that permitted by the bill in getting the matter out for the call of the consumption which they say could be upon them at each particular time.

Mr. WHEELER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Montana?

Mr. LEWIS. I do.

Mr. WHEELER. Will the Senator tell me what are the hours of work in the packing industry?

Mr. LEWIS. I am told that they are able to keep their men at work now 40 hours a week. The men arrange that among themselves. The system is adopted by the men themselves, under their labor-union regulations.

Mr. WHEELER. How many hours a day do they work?

Mr. LEWIS. It depends. Ordinarily they run from 6 to 8 hours. It depends on the men themselves. They work in shifts, I am informed, sir.

Mr. WHEELER. The reason why I ask the question is this: We had some difficulty in Montana because the packer in Montana employed union labor, and the big packers shipped their products in there; and the contention of the labor unions there was that some of the big packers who were shipping them in were nonunion, and worked their men as long as 10 hours a day, whereas in the competition in Montana the packer there was only permitted to work them 8 hours a day.

I am not aware of the facts; but I wanted to ask the Senator whether or not that was true, because if the packers in his State are working their men 10 hours a day at the present time it seems to me that is entirely too long a time for them to work. I do not see any particular reason why, in the packing industry, they should not work their men 5 days a week and 6 hours a day the same as any other manufacturers, because of the fact that they can so arrange their business, if they have to, the same as any other manufacturer does.

Mr. LEWIS. I answer the Senator from Montana by saying that I have no knowledge of the matters transpiring in Montana, the State so ably represented by himself. I only can inform him that as to the State where I live, the laborers there with whom I am acquainted in their methods arrange their hours practically among themselves, by regulation; and that regulation, either by the direction of the union in conjunction with the employers, or by agreement among themselves, results in adjusting their hours between themselves by consent, and that is adopted by the packers. Such is my information. Therefore, the burden intimated by the Senator from Montana, which would have applied in

Montana, has no application to the city of Chicago and to the facts concerning which I am now presenting this amendment.

Mr. WHEELER. I think perhaps I did not make myself clear to the Senator.

There was a boycott against any product produced by the packers in Chicago, against the sale of their articles in the stores in Montana, because of the fact that they employed nonunion men, and likewise because of the fact that they worked longer hours; and it was said that the packing house in Montana and the butchers there could not compete with the packing houses in Chicago because of the fact that in Chicago they worked the employees these long hours.

Mr. LEWIS. I gather the suggestion now. It is said that the competition there in Montana could not continue because of the method which was adopted in Chicago?

Mr. WHEELER. Yes.

Mr. LEWIS. I may say to the Senator that I am informed that that condition does not prevail; but, to the contrary, that the hours are adjusted among the men to their own satisfaction, and matters exist in such harmony that there is no controversy between the men and the employers. I would know if there were any conflict, but I am assured by those who represent the situation and bring this matter to my attention that there is no conflict and that the hours of work depend very largely on the men themselves. Wherever the men themselves feel that the emergency is such that they should continue in a different manner than that previously regulated by their own arrangements, they adjust that among themselves. That is what I am able to tell the Senator, but the exact details of which I am unable to reveal.

I now conclude, as I imagine the able Senator from Alabama [Mr. BLACK] would like to address the Senate. I now say to you that there is presented to me, and I present it to the Senate, a matter the details of which I can only give in part of my knowledge. As to the remainder of the matter, I am instructed that they desire that livestock, poultry, milk, and their products be exempted from the heavy provisions of the bill, in order that they may avail themselves, wherever they can, of obtaining the livestock and turning it as quickly as possible into marketable products, lest it perish, and serve the consuming market at its demand. Second, that as to poultry and milk and their products, they ask to have the same application made. I present it as a matter arising from the necessities of their situation and because they feel that it would aid the farmer from whom they purchase, would aid the consumer to whom they sell, and give them opportunity to continue this work and increase the market.

Mr. CAREY. Mr. President—

Mr. LEWIS. I yield to the Senator from Wyoming.

Mr. CAREY. Mr. President, I am in favor of this amendment. I am not speaking for the packers, but rather for the livestock men.

In the stockyards it is customary to have what are known as gluts and shortages. Some days there are thousands of livestock on the market. Other days the number is very small.

Until livestock is purchased by a packer the expense of keeping that livestock in the market—for feed, yardage, and so forth—is borne by the producer. There is also a great shrinkage the longer the livestock has to be kept. If the packer is not equipped to take care of that livestock, the livestock will remain in the stockyards at the expense of the shipper. He will have that expense to pay, and also the shrinkage on the livestock.

So this amendment is not so much for the benefit of the packer. He can pass his costs on to the shipper; but it is for the benefit of the producer and shipper of livestock.

I think the same thing is true of poultry; and, therefore, if this amendment should be approved by the Senate, I believe it will really help the producer and not the packer, as Senators might be led to believe.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. LEWIS. I yield.

Mr. WALSH. Would the Senator's amendment remove from the provisions of this bill the packing industry?

Mr. LEWIS. Not at all. I have heard that intimated, and I am sure it is under a misconception.

Mr. WALSH. Would it remove that part of the packing industry which has to do with housing, caring for, and protecting cattle before they are slaughtered?

Mr. LEWIS. In nowise whatever. They are under separate acts, both of Congress and of local legislation, complied with literally, and in nowise touched by the amendment.

Mr. WALSH. So the packing industry would not be in any way exempted from the bill?

Mr. LEWIS. Not as an industry in anywise whatever. These particular matters which I pointed out, and expressed concern with regard to, are limited only.

Mr. WALSH. I was prompted to make the inquiry because the Senator from Wyoming [Mr. CAREY] said he was not speaking in the name of the packers and in the interest of the packers, intimating that the packers were concerned in the matter.

Mr. LEWIS. That was largely due to the fact that I wanted to be perfectly frank with my colleagues, who have been very generous to me, and oftentimes have extended honors much beyond my deserts. I did not know all of the conditions of the packing industry, and the gentlemen representing it had brought to my attention the injury to the trade which I am the Senate representative of to the extent of being one of its legislative representatives here in the legislative body on legislation affecting Illinois and its industries. I wanted the Senate to know exactly that it was from the representatives of these gentlemen that I got the information; I wanted them to know from whom I got it; also, that I did represent their interests here; and I wanted it manifested clearly that that is for what I spoke—the interest so far as it affects the consumers in the general market and the public in its behalf.

Mr. CAREY. Mr. President, will the Senator yield?

Mr. LEWIS. Yes; I yield to the Senator from Wyoming, asking the Senator to keep in mind that my time is being consumed.

Mr. CAREY. I want to say, in answer to the question of the Senator from Massachusetts, that the expense of caring for the livestock is borne by the shipper until the packer purchases the livestock.

Mr. WALSH. Are there not, in the yards of the packers, men employed to feed and take care of and protect the cattle until they are slaughtered?

Mr. CAREY. The packer would not buy the livestock until they were ready to be slaughtered.

Mr. WALSH. So that in the yards the control of the cattle is in the possession of the producer or seller?

Mr. CAREY. He would have to pay for the hay and feed and yardage.

Mr. BLACK. Mr. President—

Mr. LEWIS. I will yield the floor to the Senator from Alabama. I am trying to find a copy of my amendment, and I find that I have not it. I added the amendment at the end of the bill because I found I had been cut out of the Dill, or first, amendment in previous prints by the parliamentary situation.

Mr. BLACK. Mr. President, it is with great reluctance that I oppose an amendment offered by my good friend from Illinois, particularly on account of the fact that I realize that his vote is found and his voice is heard in the interest of the people of the country when he talks on questions in this body.

It is my judgment, however, from a study of the amendment, that it amounts to exactly the same thing as it would to add a proviso stating that the packing industry is exempted from the stipulations and provisions of this bill. It is exactly the same thing as it would be to provide that those manufacturing or dealing with cotton should be exempt from

the provisions of this bill. That, of course, would exempt the cotton factories. If we were to provide that those manufacturing anything from ores should be exempted, that, of course, would exempt the steel mills. What this amendment does is to exempt from the provisions of this bill those who handle livestock, poultry, milk, or their products.

The farmer raising the livestock is not included in this bill at all. The dairyman handling the milk is not included in this bill. What this amendment does is to designate those agricultural products handled by packers, and to state that the provisions of the measure shall not apply to these products. Of course, it would be exactly the same thing to say that the provisions of the bill shall not apply to the packers.

There was an amendment agreed to with reference to this bill on yesterday with reference to perishable products. Someone might ask the question, Why agree as to some, and not as to others?—which is a very reasonable inquiry.

Those with reference to which agreement was made on yesterday are those where the work must be entirely seasonal, the goods are of such perishable nature, and, in addition to their perishability, the time for doing the work is so short that we must make exceptions to the general rule. The packing industry, however, works 12 months in the year, and I am very frank to state that this amendment would strike out a part of the very heart of the measure. What reason is there why those engaged in the packing industry should receive any more consideration than those engaged in manufacturing cotton cloth or woolen cloth?

Mr. CAREY. Mr. President, will the Senator yield?

Mr. BLACK. I yield.

Mr. CAREY. I do not think it is fair to compare cotton and meat. Cotton is not a perishable product, it costs little to store; but when livestock goes to the market it has to be kept and has to be taken care of, and unfortunately at the expense of the shipper.

Mr. BLACK. The Senator is correct, it has to be kept; but I am informed that the people in the stockyards work now on the basis of a 40-hour week. It is probably true, as the Senator suggests, that the particular packers who have spoken to him do work their laborers more. I know that some of the others work their laborers more. But, assuming that they work 40 hours a week, if it is true that there should be an exception made of the packers, how could they do their work in a 40-hour week? They could work perhaps 60 or 75 hours a week because of an emergency.

The exceptions which were made yesterday referred to perishable commodities, where the work must be done quickly and rapidly within a period of a few days. They referred, for instance, to the fishing industry, where, according to the information given us, the fishermen go out on the sea and while there they can the fish. Naturally they cannot work continuously, but the packing industry can work 12 months in the year.

As much as I dislike to differ from my good friend from Illinois, I cannot see the slightest reason or excuse why the packers should be singled out for particular favoritism under a rule which is to be applied to give added employment to the people of this Nation.

Mr. CAREY. Mr. President, it not infrequently happens that there are a large number of livestock on the market in the early part of the week, but that the number is small at the end of the week. Under this bill the employees of a packing plant could work only 6 hours a day, consequently the packer would purchase only the number that he could kill and dispose of with his force.

The Senator spoke about the milk and cream business. This act would apply to cooperative creameries operated by farmers. I do not see why we should make an exception of the fishing industry and not make an exception of the meat industry.

Mr. BLACK. Mr. President, as I explained a moment ago, if the packers were compelled to go out onto the high seas and were compelled by law to fish a certain number of hours and were then compelled to can the fish they caught within

a certain period of hours the analogy would be perfect; but the analogy is not present at all in the case of the packers.

I have been in packing institutions. There is one located in the State from which I come. But they work the year round. It is not a seasonal work; it is not work which requires that something must be canned within 10 hours. It is a case where the stock comes in and is slaughtered. The pending amendment would not help the farmer. I deny that it would add one dollar or one dime of profit to the stock farmers of this Nation. It would not increase the profit of the man engaged in agriculture. It might help the packer to give him the right to have his employees continue to work as they are working now. The packers constitute one of the industries of this country which, according to the evidence, are working long hours and are not preserving the reasonable rules and regulations that would be required to give employment to the people of this Nation who are now unemployed.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. BLACK. I yield.

Mr. BARKLEY. I do not know much about the packing business, and do not know what their hours and what their customs are. I do know that a large class of them are engaged in interstate commerce, and if they receive large shipments of cattle on any given day, assuming that this bill should apply to the employees, the 6 hours of any employee or any group of employees might end at 4 o'clock in the afternoon, and there might be a carload of cattle there to be loaded or unloaded or cared for. What would happen in that case? Would the stockyard be required to put on another shift of men for 2 or 3 hours to handle that carload of cattle? Assuming that they have definite quitting hours, we will say at 6 o'clock, and a carload of cattle were in process of being unloaded at 4 o'clock, and the group of men working had worked 6 hours up to that time, what would happen during the next 2 hours? Would they have to stop proceedings until the next day, or put on a new shift of men to unload that carload of cattle, which work would require 1 or 2 hours? How would that work out?

Mr. BLACK. The same thing would happen that happens now. If it be true that that business is of a fluctuating nature, and that more stock comes in one day than another, they have provided an adequate number of employees to meet that situation. The only result would be that, as in the cotton factory, or the woolen factory, or as in any other business, instead of having just enough men to do the work who work 8 hours a day, they would have enough men employed who could do the work by laboring 6 hours a day, to meet the situation.

Mr. BARKLEY. I can understand that in a factory where everybody goes to work, we will say, at 8 o'clock, and everybody quits at 5 o'clock, or, under this law, would have to quit at 3 or 4 o'clock, they would just shut up shop and everybody would go home. The machinery would close down, the machines would be silent and still until the next morning, when they started to work again. But when a carload of cattle comes in and has to be looked after, it is a little different from closing up machines or locking up a building and everybody going on home. I am just wondering how it would operate. I am not interested in any packer. I understand that the word "packer" has an odious implication sometimes, in the minds of some people.

Mr. BLACK. I do not think it should have.

Mr. BARKLEY. It does not carry any implication to my mind, and therefore I do not hesitate to pronounce the word. But we know that it is not a business, especially the stockyard end of it, that can start at 8 o'clock in the morning and stop at 4 or 5 o'clock in the afternoon, or at 6 o'clock in the afternoon. If cattle do come in all the time, they have to be looked after. The farmer or his agent may be there to be in charge of them, but he has to put them in the immediate charge of the stockyard hands who are trained to handle the care and feeding of the cattle until the following day, or until some definite time when they

can be slaughtered. Information is all I am seeking. I am wondering how the bill would work out in a case like that.

Mr. BLACK. Assuming the statement of facts which the Senator has set forth, it is my judgment that, very much as they have now, they would have enough men to handle the job working 6 hours a day.

If that were the situation to be reached, and the Senate were given the privilege, by an amendment offered, to pass upon it, it would be entirely different; but that is not the amendment. The amendment goes farther. The amendment exempts from the provisions of the bill those who are processing perishable products or livestock, poultry, milk, or other products. What does that mean? It means that the packers would be exempted, because that is all they deal with, and the case the Senator has in mind is not here offered. This is an amendment which exempts entirely the packers. If someone wants to offer an amendment which would raise the sole and single proposition, then it would be up to the Senate to vote on it. But I simply desire to call attention now to the fact that if this amendment is adopted, we might just as well write into the bill a provision that the packers are exempted.

Mr. BARKLEY. I am not arguing for the packers.

Mr. BLACK. I understand the Senator fully.

Mr. BARKLEY. But I do contemplate a situation where any stockyard might have a hundred men there all day doing very little; but they would be on duty, would be employed. Late in the afternoon a carload or two of cattle might come in that had to be moved at once, and if those men, already on the job all day, had served out their 6 hours contemplated under this bill, that carload of cattle would have to be untouched until the next day, or until a new shift of men were put on to take care of them.

Mr. WALSH. Mr. President, would the Dill amendment take care of the situation?

Mr. BLACK. I think the Dill amendment would, but I call the Senator's attention to the fact that some States now limit the hours of labor. How could they work under those limitations? It is merely a question of what hours are fixed.

Mr. COUZENS. Mr. President, under the amendment proposed by the Senator from Illinois cheese factories and butter factories, and factories producing products of that kind, would be excluded.

Mr. BLACK. They would all be excluded, because those things are all to be exempted.

The PRESIDING OFFICER. The time of the Senator from Alabama has expired.

Mr. LEWIS. Mr. President, I will ask, have I time remaining on the bill and some time on the amendment, and as to which do I have time, or do I have time yet on both?

The PRESIDING OFFICER. The Senator may speak only once on any amendment. The Senator may speak on the bill now.

Mr. LEWIS. Then I address myself to that to which I may speak under the parliamentary situation.

The PRESIDING OFFICER. The Senator from Illinois has the floor.

Mr. LEWIS. Mr. President, I want to adopt the argument of the able Senator from Alabama. From my conception of logic I can conceive of no reasons quite so obvious and imperative to support this amendment I have presented than the argument that has just been given us by the versatile and distinguished Senator from that eminent Southern State.

Let it be conceded that in the amendment spoken of as the Dill amendment the provision is, "This section shall not apply", referring to the very section which I ask to be amended, "to commodities which a cannery, workshop, or manufacturing plant produces by canning or preparing for marketing or commerce, fish, seafood, fruits, or vegetables of a perishable character."

Now, says the able Senator from Alabama, the distinction lies in this, that men go fishing, they have a certain length of time to do that fishing, and the fish must be

caught and then canned and prepared for market. But my able friend forgets that at one season of the year it is one kind of fish, at another season of the year it is another kind of fish, and thus it continues to be another kind of fish. But they are working all the time at the fish, and they are canning different kinds of fish, but it is the same constant canning, it is the same manufacturing for market or commerce. The seafoods, fruits, or vegetables are given this exemption because they are of a perishable character, says the able Senator, but the packing business goes on all the time. Yes; but a calf becomes a cow in part of the time. Also the young chicken becomes an older one—if gentlemen are experts on any form of chickens; I make the allusion parenthetically; I do not like the knowledge being displayed by my eminent colleague on that question. [Laughter.] But I call attention to the fact that in the packing industry it must avail itself at the seasonal time—the farmer whose poultry comes in while it is young, the milk must be handled at the time when it is marketable and usable, and the stock, to which the Senator has referred, must be handled when it can be used, for the time comes when it may be unmarketable.

Therefore the very doctrine which applies to the amendment, which the Senate accepted upon the theory that it is perishable matter and to be used quickly and put in commerce as early as is convenient, is capable of application to the amendment which I presented. It disturbs my eminent friend because it is an effort to do justice to the packers. It would seem that much of justice due the packers in behalf of what they produce or what they are to sell as products should be denied them because they are called "packers", while the very same things under similar conditions are granted to those which are called "canners." In other words, the policy of my able friend is to can the canned stuff for the Northwest, but "can" the packers in the Middle West. Of that form of "canning" I do not approve. [Laughter.]

Mr. President, I have presented the reasons for the amendment. I have alluded frankly to political controversies, but those have nothing to do with the justice that is due the packers in their desire to produce their products and their desire to be protected upon an equal basis with others. I am only asking of the Senate the very exact rule that has been applied in behalf of other similar occupations. I respectfully insist that the eminent Senator from Wyoming [Mr. CAREY], the Senator from Kentucky [Mr. BARKLEY], and the Senator from Alabama [Mr. BLACK] have presented arguments so cogent and so unanswerable in behalf of the amendment which I have submitted that I can add nothing to them.

Mr. LONG. Mr. President, I think my friend from Illinois is in error as to what we have done in the adoption of the Dill amendment. As I understand it, his amendment is not in line at all with what we did with regard to seasonal packing. The Dill amendment provided that—

This section shall not apply to commodities which a cannery or manufacturing plant produces by canning or preparing for marketing or commerce fish, seafood, fruits, or vegetables of a perishable character.

This is a perishable product, of course. What the Senator from Illinois probably refers to is the next clause of the Dill amendment, which reads:

Provided further, That upon the submission of satisfactory proof of the existence of special conditions in any other industry included herein, making it necessary for certain persons to work more time than herein provided, the Secretary of Labor may issue an exemption permit in respect to such persons, relieving the commodity from the provisions of this act.

The second clause is broad enough, I believe, that if there is any justice in any particular claim made for the packers, the Secretary of Labor is empowered to give whatever relief they may need. In other words, in the case which the Senator from Kentucky [Mr. BARKLEY] presented, if the Secretary of Labor finds such a condition to obtain, a permit may be issued to facilitate the unloading of cattle or anything of that kind. But if we draw a blanket around the packing industry we might as well put the steel industry

and the clothing industry in too, and be through with it. If we are going to exempt the packing industry entirely from the operation of the 30-hour week law, then we might as well exclude the steel mills and the clothing factories and be through with it. In view of the last clause that has been adopted, which permits any particular condition to be met by the issuance of a permit from the Secretary of Labor, I certainly hope we will not exclude the packing industry and the slaughterhouse business from the operations of the bill, because if there is any one business, judging from my limited experience, that does need to be under the provisions of the bill, it is the slaughterhouse business, and if there is one institution able to bear it it is the packing-house industry.

Mr. LOGAN. Mr. President, I take the privilege of submitting a few remarks on the bill. I cannot vote for the bill because, in my judgment, it is unconstitutional as the law is today, and I believe that is the opinion of all the lawyers I have heard express an opinion about it. If the Supreme Court does not overrule previous opinions it would be forced to declare this bill unconstitutional. As highly as I regard the opinion of the Senator from Idaho [Mr. BORAH], I cannot go along with him and say that I will vote for a bill that is unconstitutional today so that the Court may have another opportunity to determine the question. I think I am bound by the decision of the Supreme Court which makes such legislation unconstitutional.

But aside from that I do not believe that it would be wise to deal with only one unit of the several that go to make up the business in this Nation. Everyone must realize that in every business there are three things which we must consider. One is the earnings of labor. The bill proposes to deal with that. Another is the earnings of capital. Another is profits that may be derived from business. If we take only one of those things and attempt to legislate about it, the legislation must prove a failure. If the bill, or a bill having similar purposes in view, accomplishes anything it must deal with the earnings of labor, the earnings of capital, and profits. Otherwise it can accomplish little, if any, good.

The bill deals with hours of labor. The purpose is to give jobs to a greater number of men. There is no one who can say that wages can be maintained; that is, that the employer will pay as much for 6 hours each day as for 8 hours each day. There is nothing in the bill that would enable anyone to state with any degree of certainty that wages would not be reduced in the same proportion that the hours of labor are reduced. If that should be true, the purchasing power of the people would not be increased at all.

There is another thing that we must consider. If the employer today is unable to conduct his business because he cannot earn enough, it goes without saying that he cannot absorb the increase in the cost of labor if the cost should be increased as a result of the bill. Then if he cannot absorb the increased cost, it must be passed on to the consumer, or it must be deducted from profits, and if there are no profits then it is imperative that the price of the thing produced to the consumer must be increased in the same amount that the money paid out for its manufacture has been increased.

Then it seems to me if we are going to deal with this subject in a way that will bring about such a result, it is absolutely essential that we deal with all three things. If we say that hours of labor shall be so many per day or week, it follows that someone must have the power to fix the hours of labor. If we say that the earnings of capital shall be fair, then it follows that someone must have the power to determine what is a fair earning for capital. If we say that each business is entitled to earn a profit, then someone must determine what that profit shall be. Without taking into consideration all of these three things—and that is all there is to business—without considering all of them collectively and looking at them at the same time, we cannot accomplish very much good.

It is very much like this: We have an old machine. It has done very well in its time, but someone, let us say my good friend the Senator from Alabama [Mr. BLACK] con-

ceives the idea that we ought to have a new machine and a better machine. He goes out and creates one piece of it, as he has here, and says "I will put that one piece, that will belong in the new machine, over in the old machine." It will not work there. The result will be that not only the piece will be destroyed, but the old machine itself will be destroyed. If we are going to install a new machine to regulate the matter of capital and labor and profits, we ought to complete the machine, because just one new piece will not work in the old machine.

Mr. President, I make these few suggestions because I want my position understood. I doubt somewhat the wisdom of such legislation. We are now going through a great period in an effort to get rid of what we call legislative interfering with the lives of the people and the rights of the people. Many have said that we have no right to say what a man shall drink or what a woman shall drink. We have submitted to the people of the Nation an amendment to the Constitution taking out of it that provision which sought to prohibit men from drinking certain intoxicating liquors. But now we are proposing by this legislation to take away from men a much more valuable right—in fact, one of the most valuable rights that a man can have in a nation such as ours—liberty of contract. We are saying to him, "Although you may be willing to work longer hours, although you may need to work longer hours, you shall not make a contract with your fellow man to labor longer than a certain number of hours." We are dealing with a very sacred question. I do not think it should be dealt with in a haphazard way. I do not think we should take up an important matter like this and pass it for no reason other than to give the Supreme Court of the United States an opportunity to say whether such legislation is constitutional.

Mr. President, I am not opposed, I may say to the Senator from Alabama, to legislation along the line indicated in his bill if it will cover the entire subject in such a way that business may be carried on with fairness to everyone that is interested. We cannot simply deal with one side of the triangle without dealing with the other two sides. Then I think the bill has many imperfections in its general terms as it is expressed and as it appears in the report of the committee. I happen to know of one industry down in my State that the bill would utterly destroy, and I expect there are many other industries in the same situation.

I refer to the production of a road-building material called "rock asphalt." I want to call the attention of the Senator from Alabama to this particular method of operation. There may be 500 men engaged in producing rock out of which to manufacture rock asphalt. We will have 50 men who are experts in the distribution of that rock. They can look at it or feel it and know whether it is of the required richness. We have only about 50 such experts, and those 50, working at the same time, can keep at work 500 common laborers each day. When those 50 men stop work, when they have worked their 6 hours, and the 500 common laborers have worked their 6 hours, they all must quit. The company could go out and get 500 common laborers to break up the rock, but it cannot go out and get 50 experts to distribute the rock, so the plant must shut down at the end of 6 hours. There is no way for it to put on another shift.

Mr. BLACK. Mr. President—

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Alabama?

Mr. LOGAN. Certainly.

Mr. BLACK. The Senator evidently is not familiar with the amendment which was adopted yesterday.

Mr. LOGAN. Possibly I am not.

Mr. BLACK. That is very natural, because for some reason it was not printed and laid before Senators. Under that amendment, the company which the Senator has in mind, if it has experts whose services are necessary for a longer time than 6 hours, can obtain a permit from the Secretary of Labor. I am sure that provision will be very liberally administered. It was to meet that exact situation

and similar situations that the amendment was adopted. So, insofar as that feature is concerned, it would not deprive the company there from doing business.

Mr. LOGAN. I am very glad to know that. In some way or other I overlooked that amendment. I did not find it among the printed amendments. I assumed that all the amendments had been printed; but I am very glad to hear what the Senator has stated.

In conclusion, Mr. President, I will simply make this statement: Even if I should consider the bill as necessary, and that its enactment would serve a useful purpose, I would be compelled to refrain from voting for it solely on constitutional grounds. If it is unconstitutional at the time I vote, then, having taken an oath to support the Constitution of the United States, I cannot vote for the measure.

Mr. LONG. Mr. President, I believe I know the Senator from Kentucky well enough to state that he favors the humane principles underlying this bill.

Mr. LOGAN. That is true. I favor all humane principles that will help improve the conditions of labor in fairness to those who own and control the capital and to the great mass of the people at large.

Mr. LONG. The constitutional objection arises because of a 5-to-4 decision.

Mr. LOGAN. That is true.

Mr. LONG. That decision, in the Dagenhart case, may be said to stand in the way; but, fundamentally, the Senator from Kentucky and all of us must vote as we interpret the Constitution. There have also been many unanimous decisions.

We, of course, are persuaded by what the Court has held to a certain extent; but there are many decisions of the Supreme Court which would uphold this bill that were not 5-to-4 decisions—as, for instance, in the oleomargarine case, in the lottery case, and in the monopoly case—all of which sustained the right of Congress to prohibit products from being transported in interstate commerce if manufactured by a monopoly or in aid of a lottery or anything of that kind. If we base our constitutional opinion upon decisions of that kind, there would be nothing in the way of our conscience in voting for this measure—or, rather, we would be justified in doing so.

Mr. LOGAN. It may be that my training throughout the years has caused me to think along lines from which I cannot easily depart. I cannot agree with the Senator from Louisiana that we have the right to place our own construction on the Constitution when the Supreme Court of the United States, which is solely vested with the authority to tell us what the Constitution means, has determined a particular question. It may be that we could say that we disagree with its opinion, but however much we may disagree with the opinion of the Supreme Court, that opinion is right. It may not have been right 5 minutes before the opinion was delivered; it may not have been right during the entire history of the Nation up to that time; but the very moment that that opinion is handed down and goes into the law books, when it becomes final, then the Constitution means and must mean exactly what the Supreme Court says it means. I can place no other construction on it.

I am in sympathy with any legislation that will make for the betterment of mankind. We need to do something to prevent the concentration of great wealth in the hands of the few; we need to protect the rights of the people. It is always necessary to protect the rights of the poor and the helpless; the rich are able to take care of themselves; but, in doing so, we should not transgress upon the provisions of the Constitution of the United States. The Constitution is not merely an instrument of direction. There is nothing in it that is directory. Every time the Constitution speaks it breathes a command. When it says, "Thou shalt", you must do that which it says, and you cannot substitute anything else. When it says "Thou shalt not", then you must obey, for it is not an instrument that can mean one thing today and another thing tomorrow. Occasions may arise when it is necessary to find new meanings in the instru-

ment, to find a dormant or latent power which has never previously been called into operation; but the Supreme Court has spoken on this question; it has said that if we pass this law it is an unconstitutional act.

I grant that the Court may change its opinion and say that it was wrong in its prior construction of that provision of the Constitution, but until the Court does say that we are bound by it, or, at least, that is my opinion about it. Of course, I am the keeper of no man's conscience; any other Senator is free to look upon the matter according to his own judgment; but, as for me, I am bound by the decision of the Supreme Court until it shall be changed.

Mr. DICKINSON. Mr. President, it is my hope that the amendment of the Senator from Illinois [Mr. LEWIS] will prevail. I am greatly interested in the advancement of the pork- and the milk-processing business, and the pending amendment directly affects the welfare of the people of Iowa.

The packer has no way of determining how many hogs will be in the stockyards for him to buy or to take care of on any one day. It simply depends upon the number that are gathered there, either trucked in or shipped in. If we impose on them a limitation such as is proposed by the bill, we are simply going to add to the burden of the overhead. If the packer bids on the hogs which may be there with the idea that he can carry them over for a day, he will deduct the expense of the carry-over from what he pays the farmer. I think there can be no question about that being the practice in the marketing of livestock all along the line; and it seems to me that the circumstances bring this particular form of activity clearly within the rule laid down when we exempted the canning business.

Referring now to the milk situation; they have what they call big days and small days in milk deliveries. On some days there will be collected twice as much milk as on other days. If the processor was restricted to a limited number of hours, he would be compelled either to put on twice the help that he should have on one day and have no help at all on the next day or he would be compelled to work overtime. He cannot always tell what quantity of milk will be delivered.

Therefore it seems to me, as to both the creamery business and the livestock business, this amendment ought to be agreed to, and I hope it will prevail.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. LEWIS]. [Putting the question.] The ayes appear to have it.

Mr. BLACK. I ask for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays have been called for. Is there a second?

The yeas and nays were ordered.

Mr. RUSSELL. Mr. President, I should like to have the amendment read.

The PRESIDING OFFICER. The clerk will reread the amendment.

The CHIEF CLERK. It is proposed by the Senator from Illinois, on page 3, line 9, after the word "effective" and before the semicolon, to insert the following:

Nor shall this bill and its provisions apply to perishable products of livestock, poultry, milk, or their products.

Mr. BORAH. Mr. President, as I understand, this amendment is designed to accomplish the same thing that was accomplished by the adoption of the amendment with reference to canneries?

Mr. LEWIS. The Senator states the position I take.

Mr. BORAH. I should like to ask the Senator from Alabama what, in his opinion, is the objection to the amendment in view of the fact that we have accepted the amendment exempting canneries?

Mr. BLACK. Mr. President, I stated a few moments ago—I imagine the Senator was not present at the time—that my objection to this amendment is that if we are going to exempt the packers we ought to do it by name. This amendment as it is written absolutely exempts the packing indus-

try from the operation of this law, and that, in my judgment, should not be done. It would exempt them for the reason that it names specifically the commodities which they handle which are perishable. It says that those dealing in such commodities shall be exempt from the provisions of the bill.

There is a vast difference between a business running from month to month throughout the year and the business of canning, which involves frequently but 2 weeks, and no more, during which the canning must be done. There is a vast difference between that kind of a business and a business of the packing companies which have cold-storage plants and are amply able to take care of everything they have. The cannery, of course, to which the amendment of the Senator from Washington applied to the processing, for instance, of tomatoes which grow during only a short season and the canneries must work rapidly, but the pending amendment deals with the packing of meat and exempts the entire packing industry.

The PRESIDING OFFICER. The yeas and nays having been ordered, the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. BANKHEAD (when his name was called). I have a general pair with the senior Senator from Vermont [Mr. DALE], and under the circumstances withhold my vote.

Mr. FESS (when his name was called). On this vote I have a pair with the senior Senator from New York [Mr. COPELAND], who is unavoidably absent from the Chamber. I do not know how he would vote if present. If I were permitted to vote, I should vote "yea."

Mr. LOGAN (when his name was called). I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS], who is absent. I do not know how he would vote, and therefore I withhold my vote. If permitted to vote, I should vote "nay."

Mr. STEIWER (when his name was called). Referring to my pair, which was announced upon a previous roll call, I cannot learn how the senior Senator from New Mexico [Mr. BRATTON] would vote. I therefore withhold my vote. If at liberty to vote, I should vote "yea."

The roll call was concluded.

Mr. LEWIS. Mr. President, I desire to announce that the Senator from New Mexico [Mr. BRATTON] and the Senator from New York [Mr. COPELAND] are necessarily detained from the Senate; also, that the Senator from Utah [Mr. KING], the Senator from Arizona [Mr. HAYDEN], the Senator from Nevada [Mr. PITTMAN], the Senator from Florida [Mr. FLETCHER], and the Senator from New York [Mr. WAGNER] are detained on official business.

Mr. FESS. I desire to announce the following general pairs:

The Senator from South Dakota [Mr. NORBECK] with the Senator from Washington [Mr. DILL]; and

The Senator from Rhode Island [Mr. HEBERT] with the Senator from Georgia [Mr. GEORGE].

The result was announced—yeas 34, nays 44, as follows:

YEAS—34

Adams	Frazier	Keyes	Schall
Austin	Glass	Lewis	Shipstead
Bailey	Goldsborough	Loneragan	Stephens
Barbour	Gore	McNary	Townsend
Byrd	Hale	Metcalf	Vandenberg
Carey	Hastings	Nye	Walcott
Connally	Hatfield	Patterson	White
Dickinson	Kean	Reed	
Dieterich	Kendrick	Russell	

NAYS—44

Ashurst	Caraway	Long	Robinson, Ark.
Bachman	Clark	McAdoo	Robinson, Ind.
Barkley	Coolidge	McCarran	Sheppard
Black	Costigan	McGill	Smith
Bone	Couzens	McKellar	Thomas, Okla.
Borah	Cutting	Murphy	Thomas, Utah
Brown	Duffy	Neely	Trammell
Bulkeley	Erickson	Norris	Tydings
Bulow	Harrison	Overton	Van Nuys
Byrnes	Johnson	Pope	Walsh
Capper	La Follette	Reynolds	Wheeler

NOT VOTING—17

Bankhead	Copeland	Davis	Fess
Bratton	Dale	Dill	Fletcher

George
Hayden
Hebert

King
Logan

Norbeck
Pittman

Steiwer
Wagner

So Mr. LEWIS' amendment was rejected.

Mr. SHIPSTEAD. Mr. President, I ask to have inserted in the RECORD at this point the telegrams which I send to the desk.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

MINNEAPOLIS, MINN., April 5, 1933.

Senator HENRIK SHIPSTEAD:

Urge you use best efforts to secure exemption dairy products in Senate bill 158, dealing with hours of labor in factories.

JOHN BRANDT,

Land O'Lakes Creameries, Inc.

ST. PAUL, MINN., April 5, 1933.

Hon. HENRIK SHIPSTEAD,

Senate Office Building:

We urge you use every effort to have dairy products out of Senate bill 158.

TWIN CITY MILK PRODUCERS ASSOCIATION.

Mr. VANDENBERG. Mr. President, I desire to submit an amendment which I think is in a sense clarifying, and in no degree in conflict with the original purpose of the bill. In fact, I have undertaken its preparation at the suggestion of the Senator from Alabama [Mr. BLACK], in consultation with the Senator from Massachusetts and the Senator from Connecticut, who are interested in the same point.

It was not originally intended that the bill should apply to executives and supervisory officers in a business. It would be manifestly impossible to stagger general management or to stagger superintendents or to stagger private secretaries.

Mr. NORRIS. That will not be so difficult in a few days. [Laughter.]

Mr. VANDENBERG. Well, using the word in the technical sense, the statement still remains. Therefore, in order to make it clear that the objective is fully covered, I am suggesting that, on page 2, line 7, after the word "person", the following language shall be added:

except officers, executives, superintendents, and others in supervisory capacities, together with their clerical assistants.

I am inclined to believe that none of this group was ever intended to be covered within the legislation.

The VICE PRESIDENT. The Senator from Michigan offers an amendment, which will be stated.

The CHIEF CLERK. The Senator from Michigan offers the following amendment:

On page 2, line 7, after the word "person", insert the following: "except officers, executives, superintendents, and others in supervisory capacities, together with their clerical assistants."

Mr. BLACK. Mr. President, I simply desire at this time to call attention to the fact that on January 28, 1933, I made a statement in the Senate with reference to this bill, and said that in my judgment there would necessarily be some exceptions which would have to be made. Unfortunately, those who were interested in these exceptions did not bring them before the subcommittee, so we are compelled to work out the matter in this way on the floor.

I desire to state that in my judgment an exception of this kind should be adopted.

Mr. WALSH. Mr. President, I should like to inquire of the Senator from Michigan if he thinks that commodities made where the owner of a factory himself works longer than 6 hours would be prohibited from being transported in interstate commerce.

Mr. VANDENBERG. I should think that an operating owner would be included within the exemption of the language I have just submitted.

Mr. WALSH. I had assumed that the Senator would make that answer. Now let us assume, not unreasonably, that a small cigar factory in Maine—and I know of such factories—ships cigars to Boston, Mass., and that there are 1 owner and 3 employees, and they decide to make themselves into a partnership of 4 partners. Clearly, those men could work over 6 hours a day, while the single owner who had to employ three men would be obliged to limit the employment of his men to 6 hours a day; would he not?

Mr. VANDENBERG. I would not undertake to answer the Senator with respect to his interpretation. In any event, however, the situation is more favorable, I should think, in the light of the pending amendment.

Mr. WALSH. I agree with the Senator; the amendment is most helpful, and I approve of it most heartily, but I am afraid that we have not yet succeeded in eliminating an owner or a proprietor or partners who may be disposed to work longer than 6 hours a day. The case I have in mind illustrates that.

Mr. CLARK and other Senators addressed the Chair.

The VICE PRESIDENT. Does the Senator from Michigan yield; and if so, to whom?

Mr. VANDENBERG. I yield to the Senator from Missouri.

Mr. CLARK. Mr. President, I desire to ask the Senator from Michigan a question.

I am in sympathy with the general purposes of the Senator's amendment, but as I heard it read it included an exemption of anybody in a supervisory capacity. Now, a machinist is a supervisor over a machinist's helper. A bookkeeper is a supervisor over an assistant bookkeeper. It seems to me that by the use of this language we would exclude from the operation of this act thousands and thousands of working people.

Mr. LONG. Mr. President, I desire to offer an amendment to the amendment of the Senator from Michigan. After the word "executives", I move to strike out the comma and insert the word "and"; and after the word "superintendents", I move to insert a period and strike out the remaining two lines, the balance of the amendment, leaving the amendment to read as follows:

After the word "person", add the following words: "except officers, executives, and superintendents."

Mr. President, that would mean this: We have one amendment already that allows the Secretary of Labor, on proper showing, to exempt anybody or any industry. In any case that deserves exemption, the Secretary of Labor is already vested with that authority under an amendment offered by the Senator from Washington [Mr. DILL]. Under this amendment as I have moved to amend it we would create a further exemption which the Secretary of Labor could have made anyway—officers, executives, and superintendents. If, however, we allow to stand here these provisions with reference to those who are in a supervisory capacity and their clerical assistants, I should judge that out of a thousand employees there would be no difficulty in working seven or eight hundred of them.

For instance, if I am cutting wood, I am the major woodcutter. I sprinkle the coal oil on the saw. I would supervise my assistant. If I am a printer, and I am the man who picks up the type, then the devil under me, of course, would be under my supervision.

Mr. NORRIS. Fine! [Laughter.]

Mr. LONG. I am speaking about the printer's devil. [Laughter.]

Mr. BLACK. Mr. President, will the Senator yield?

Mr. LONG. Yes, sir; I yield.

Mr. BLACK. I should like to state that I had not read this amendment at the time it was offered, but immediately upon the statement I read it. I believe that it goes farther than the Senator from Michigan desires, and I think what he is after will be reached by agreeing to the amendment of the Senator from Louisiana. I believe the word "supervisory" is of such an uncertain nature that not only would it be unwise to put it there because of those who might be included but on account of the uncertainty of the language, it might affect the legality of the bill.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. LONG. Yes.

Mr. VANDENBERG. The language to which the Senator from Alabama takes exception was borrowed from a suggestion that I obtained from the junior Senator from Connecticut [Mr. LONERGAN]. It did not occur to me that it had within it the breadth which obviously does exist.

I have no desire or disposition to open a back door to this bill. I should be perfectly willing to eliminate the additional phrase in respect to "supervisory capacities", but it seems to me that the phrase in respect to "clerical assistants" should remain, for this reason:

I do not think a man should be expected to have a separate private secretary the last 2 hours in the day, and I do not think it is practicable to expect him to have an extra stenographer the last hour of the day, because that sort of service necessarily is personal and continuous.

Mr. LONG. Mr. President, with the consent of the Senator from Alabama, I see no particular objection if we leave in it the clause as to the clerical assistants of the officers and executives and superintendents. I will withdraw the amendment as I have offered it, therefore, and I will offer the amendment to read as follows—

Mr. VANDENBERG. Mr. President, if the Senator will permit me, I ask permission to perfect my amendment by eliminating the phrase respecting other supervisory assistants. How does it read?

Mr. LONG. I suggest that the Senator perfect his amendment by striking out, after the word "executives", the comma and inserting the word "and"; and after the word "superintendents", eliminate the words "and others in supervisory capacities." That would perfect it.

Mr. BONE. Mr. President, there is nothing in the amendment suggested by the Senator from Michigan [Mr. VANDENBERG] to distinguish between the private secretary of an executive officer of a big corporation and the thousands of clerks and stenographers that are working in these big offices.

In Chicago, at the end of the day, thousands of young men and women pour out of those offices, all a part of the clerical staffs of railroad companies and big organizations in that city. That is true in every great industrial center in this country. Unless some of this language is eliminated, or the meaning made very plain, we will remove from the scope and effect of this bill all of the clerical assistants in the hundreds of big offices in this country.

If we want to vote for this measure with the understanding that we are removing from it all the clerks and stenographers, let us be very certain that we vote on it with that in mind.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BONE. Certainly.

Mr. LONG. The Senator from Michigan is willing to insert the words "and their personal and immediate clerical assistants"; and we think that will cover it.

Mr. BONE. I think perhaps that would cover it.

Mr. VANDENBERG. Then I submit the amendment in this form; and I will read it myself, for fear somebody else might not succeed.

After the word "person", on page 2, line 7, add the following words:

except officers, executives, and superintendents, and their personal and immediate clerical assistants.

Mr. GORE. Mr. President, I desire to propound a question to the Senator from Michigan. Did I understand the Senator to say in offering this amendment that it is impossible to stagger management?

Mr. VANDENBERG. I think, Mr. President, that management is already staggered, and is calculated to be further staggered.

Mr. GORE. Mr. President, if this measure passes, the Senator will find, and I think the Senate will find, that management can be staggered.

I have but one suggestion to make, however, in the way of amendment. I think we ought to amend this bill with a provision that it can be cited as "the Black Act," and I say that without any reflection upon its deserving author, whom I hold in the highest esteem.

Mr. President, the black death, I believe, is the most devastating plague that ever scourged the human race. Yet destructive as it was the black death was not so bad as it might have been. It destroyed only about 40 or 50 percent of the people.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Michigan [Mr. VANDENBERG].

The amendment was agreed to.

Mr. GOLDSBOROUGH. Mr. President, I desire to call from the desk an amendment which I have offered to the pending bill.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 2, line 5, after the word "mill" and the comma, the Senator from Maryland proposes to strike out the word "cannery", so as to read:

That no article or commodity shall be shipped, transported, or delivered in interstate or foreign commerce which was produced or manufactured in any mine, quarry, mill, workshop, factory, or manufacturing establishment situated in the United States in which any person was employed or permitted to work more than 5 days in any week or more than 6 hours in any day.

Mr. GOLDSBOROUGH. Mr. President, just a brief word. This amendment would exempt canneries wholly from the operation of the bill. I am quite aware of the fact that the amendment submitted by the Senator from Washington [Mr. DILL] in part covers this situation, but it is not at all satisfactory to the canners of my State. The canning industry being one of the large industries of Maryland, I therefore ask consideration of the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Maryland.

Mr. LONG. A point of order. We have already perfected that language by the amendment offered by the Senator from Washington [Mr. DILL]; and that amendment having been agreed to, it is not subject to amendment.

The VICE PRESIDENT. The amendment of the Senator from Maryland is to part of the original bill.

Mr. BLACK. Mr. President, I do not want to delay a vote. I hope and believe that the Senate will vote down the amendment very promptly.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Maryland [Mr. GOLDSBOROUGH].

Mr. McNARY. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. FESS (when his name was called). Making the same announcement I made earlier in the day, I withhold my vote. Were I permitted to vote, I would vote "yea." I do not know how the Senator from New York [Mr. COPELAND] would vote if present.

Mr. McNARY (when his name was called). On this vote I have a pair with the senior Senator from Mississippi [Mr. HARRISON], who is necessarily absent from the Chamber. Not knowing how that Senator would vote, I shall withhold my vote. If permitted to vote, I should vote "yea."

Mr. STEWER (when his name was called). By reason of the pair previously referred to, I am compelled to withhold my vote. Were I permitted to vote, I would vote "yea."

The roll call was concluded.

Mr. LEWIS. I desire to announce that the Senator from New Mexico [Mr. BRATTON] and the Senator from New York [Mr. COPELAND] are necessarily detained; and that the Senator from Washington [Mr. DILL], the Senator from Mississippi [Mr. HARRISON], the Senator from Nevada [Mr. PITTMAN], and the Senator from California [Mr. McADOO] are necessarily detained from the Senate on official business.

Mr. FESS. I desire to announce the following general pairs:

The Senator from Rhode Island [Mr. HEBERT] with the Senator from Nevada [Mr. PITTMAN];

The Senator from South Dakota [Mr. NORBECK] with the Senator from Washington [Mr. DILL]; and

The Senator from Vermont [Mr. DALE] with the Senator from Alabama [Mr. BANKHEAD].

Mr. LEWIS. Let me announce that the Senator from Kentucky [Mr. LOGAN] is paired with the Senator from Pennsylvania [Mr. DAVIS]. That Senator is absent and asked that I announce the fact.

The result was announced—yeas 37, nays 43, as follows:

YEAS—37

Austin	Duffy	King	Stephens
Bailey	Frazier	Lewis	Townsend
Barbour	Glass	McKellar	Tydings
Borah	Goldsborough	Metcalf	Vandenberg
Bulow	Hale	Nye	Van Nuys
Byrd	Hastings	Patterson	Walcott
Carey	Hatfield	Reed	White
Connally	Johnson	Robinson, Ind.	
Dickinson	Kean	Russell	
Dieterich	Keyes	Schall	

NAYS—43

Adams	Clark	La Follette	Robinson, Ark.
Ashurst	Coolidge	Loneragan	Sheppard
Bachman	Costigan	Long	Shipstead
Barkley	Couzens	McCarran	Smith
Black	Cutting	McGill	Thomas, Okla.
Bone	Erickson	Murphy	Thomas, Utah
Brown	Fletcher	Neely	Trammell
Bulkeley	George	Norris	Wagner
Byrnes	Gore	Overton	Walsh
Capper	Hayden	Pope	Wheeler
Caraway	Kendrick	Reynolds	

NOT VOTING—15

Bankhead	Davis	Hebert	Norbeck
Bratton	Dill	Logan	Pittman
Copeland	Fess	McAdoo	Stelwer
Dale	Harrison	McNary	

So Mr. GOLDSBOROUGH's amendment was rejected.

Mr. ROBINSON of Arkansas. Mr. President, I propose an amendment as follows: On line 8, page 2, to strike out the words "5 days" and to insert in lieu thereof "36 hours", and on line 9, to strike out the word "six" and to insert in lieu thereof the word "eight."

The effect of this amendment would be to increase the maximum limitation on the hours of labor to be permitted under the bill from 30 hours a week to 36 hours a week, and the maximum limitation on the hours a day from 6 to 8.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 2, line 8, to strike out the words "5 days" and to insert in lieu thereof the words "36 hours", and on line 9, to strike out the word "six" and to insert in lieu thereof the word "eight", so as to read:

That no article or commodity shall be shipped, transported, or delivered in interstate or foreign commerce, which was produced or manufactured in any mine, quarry, mill, cannery, workshop, factory, or manufacturing establishment situated in the United States, in which any person was employed or permitted to work more than 36 hours in any week or more than 8 hours in any day.

Mr. ROBINSON of Indiana. Mr. President—

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Indiana?

Mr. ROBINSON of Arkansas. I yield.

Mr. ROBINSON of Indiana. I just wanted to inquire of the Senator whether the amendment he proposes now is being offered at the request of President Roosevelt?

Mr. ROBINSON of Arkansas. I could not say that it is being offered at the request of the President. I think it would be acceptable to the President.

Mr. ROBINSON of Indiana. My reason for asking is that I wondered whether it was a part of the President's program.

Mr. ROBINSON of Arkansas. Mr. President, I do not make that statement.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Arkansas.

Mr. ROBINSON of Arkansas. Mr. President, I think I should make a little further explanation of the amendment. There are many who are in sympathy with the primary purpose of the bill who believe that the reductions of the hours of labor carried in the bill are greater than ought to be provided for at this time. It should be conceded that the effect of the amendment in one respect would be to diminish the number of additional persons who might be employed under the limitations provided by the bill. But it is my thought, Mr. President, that the reductions which will be carried if the amendment should be agreed to would be very substantial and might prove adequate for the purposes of the sponsors of the legislation. If the constitu-

tionality of the bill should be sustained and its operation proves as helpful and as advantageous as those of us who are supporting it hope that it will, further reductions may be hereafter made if the circumstances seem to require or justify it.

The expansion of the limitation of the maximum hours per day to 8 is without doubt a substantial increase, but it affords a greater leeway to industry for adjustments with respect to the time their employees shall work.

Mr. LONG. Mr. President—

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Louisiana?

Mr. ROBINSON of Arkansas. I yield.

Mr. LONG. I dislike to see an increase in the number of hours provided in the bill, but I realize how close our vote is here in the Senate. I want to ask the Senator from Arkansas this question. Eight does not divide exactly into 36. That would mean that there would be a 4½-day week, would it not?

Mr. ROBINSON of Arkansas. Yes; they could work 4½ days at the maximum limitation, or they could work 6 hours per day for 6 days.

Mr. LONG. I would suggest an amendment to the Senator's amendment, that the "36" be made to read "35" and that the "8" be made to read "7."

Mr. ROBINSON of Arkansas. I do not know of any especial difficulty with regard to the 36-hour limitation except that it permits of shifts more readily than would 35, but the difficulty about changing the 8-hour limitation to 7 hours suggests itself in that there is no multiple of 7 that would make 24 hours. If circumstances should require the operation of an industry full time with 3 shifts of 8 hours each or 4 shifts of 6 hours, that could be done under the amendment as I am proposing it; but it would be much more difficult if the maximum limitation were reduced to 7 hours, as I am sure the Senator will readily observe.

Mr. JOHNSON. Mr. President—

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from California?

Mr. ROBINSON of Arkansas. Certainly.

Mr. JOHNSON. I followed the reading of the amendment presented by the Senator from Arkansas, and I want to be clear as to one thing. The amendment returns to the 8-hour day. I am not for the moment considering the week. The intention of the Senator from Alabama [Mr. BLACK], as I followed him very closely in his very eloquent address the other day, was to provide for a 6-hour day. The amendment eliminates the 6-hour day and goes back to the 8-hour day and, of course, limits the hours so far as the week may be concerned.

Mr. ROBINSON of Arkansas. If the Senator will permit me, I think the Senator is in error when he states that we would go back to the 8-hour day by the adoption of the 8-hour limitation. I am not aware of any legal limitation that is applicable to the industries of the country. It has been stated on the floor that in some cases the hours of labor now in some shops and in some industries are very much greater than 8. I have heard it stated 12 and even 16, but the greatest number of hours that anyone could work in any industry under the amendment proposed would be 8 instead of 6 as proposed by the bill. The maximum number of hours anyone could work during 1 week would be 36 instead of 30 as proposed by the bill.

Mr. JOHNSON. May I ask the Senator from Arkansas a further question? Does he not think his amendment changes the entire philosophy of the bill as presented by the Senator from Alabama?

Mr. ROBINSON of Arkansas. Oh, no; I do not. I have stated that it permits of a greater freedom in the operation of industry. It does increase the hours of labor above those that are contemplated by the bill; but the thought in the minds of many, as I stated in the beginning, is that it is not desirable to make so radical a change at once in the regulation of industry as is contemplated by the bill, but that it would be better to make some change in the nature of that which is proposed in my amendment and try it out. If the

constitutionality of the measure is sustained and if necessary, or if the circumstances require, we can make further reduction. I do not believe that the 8-hour limitation on work is oppressive to any worker. I do not think that the permission to work, if given, 8 hours during any one day would be burdensome to labor. Of course, the object of reducing the hours to 6, as proposed in the bill, is to broaden the spread. As I have already stated, admittedly more people could be employed if the bill is retained as it is now before us, but the question is whether it is too great a burden to place on industry at one time.

There is one further thought. It has been stated over and over on the floor today, and I believe was particularly commented on by the Senator from Kentucky [Mr. BARKLEY], that in the event the bill passes there will certainly follow corresponding reductions in wages. The proponents of the bill do not anticipate or intend that shall result. It is far more likely to occur if we retain the figures in the bill than if we modify them as provided for in my amendment. I have now stated all that I care to about the amendment.

Mr. COUZENS. Mr. President, will the Senator yield before he concludes?

Mr. ROBINSON of Arkansas. Certainly.

Mr. COUZENS. The Senator's amendment limits the hours per week to 36?

Mr. ROBINSON of Arkansas. Yes.

Mr. COUZENS. From the manufacturer's standpoint it is much more difficult to work 4½ days than it is to work 5 days of either 6 or 8 hours per day. If we start a plant to operating for half a day, it is much more difficult than if we started to operate a whole day. I do not like the amendment because it contemplates a 4½-day week.

Mr. ROBINSON of Arkansas. It contemplates just this: Any adjustment within the weekly limitation might be made so that the laborer does not work on any one day more than 8 hours, or in one week more than 36 hours. A man might work 8 hours today and then 7 hours a day for 4 days, or he might work 6 hours a day for 6 days, the 5-day limitation not being provided for in my amendment. The effect of the provision is that a man cannot work more than 36 hours in a week and no more than 8 hours on any one day.

Mr. SMITH. Mr. President—

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from South Carolina?

Mr. ROBINSON of Arkansas. Certainly.

Mr. SMITH. I want to call the attention of the Senator to one suggestion. The shifts would be 3 instead of 4 within the 24 hours. Under the bill as it now stands there would have to be 4 shifts within 24 hours. Under the amendment proposed by the Senator from Arkansas three shifts would be possible so that any corporation would have to have only 3 experts or 3 groups drilled to carry on the work during the 24 hours. Is not that correct?

Mr. ROBINSON of Arkansas. That is correct. It permits a greater leeway in the operation of an industry.

Mr. SMITH. What I am driving at is that, knowing some factories as I do, there would seem to me to be almost an impossibility of getting four shifts within 24 hours competent to carry on the work. The Senator's amendment would reduce it to three shifts. Those of us who are acquainted with the nature of certain work will readily recognize that it would be a pretty difficult matter within 24 hours to get four shifts. Some of the mills are now beginning to run night and day, the full 24 hours. Under the contemplation of the bill as it now stands, it would require four shifts of workmen, and it would be almost impossible, it seems to me, for any one factory to employ skilled labor sufficient to carry out that purpose and operate the factory at 24 hours.

Mr. JOHNSON. Mr. President, there is no purpose on the part of the sponsors of the bill nor on the part of anyone who favors its provisions to do injustice or wrong at all to any industry whatsoever; but the amendment which has just been presented, it strikes me, entirely metamorphoses the bill and presents a philosophy at variance with that which originally was presented when the bill was argued in the early stages before the Senate. I am in sympathy with the

bill as originally presented, prepared and ready, desirous, and enthusiastic in that desire, to vote for it.

In the bill that was presented we altered what had been the course of conduct in the matter of labor, and altered it in accordance with the well-known and recognized desire and design upon the part of those who have been directing labor in this country for the past few years. All of us remember how the long struggle went on year after year, year after year, for an 8-hour day. We all recall the final success of those who were struggling to make hours of labor comparable with 8, and how finally in many industries the change was won and we changed them in some instances concerning public work. In many States it is recognized law today that 8 hours shall constitute a day's work upon State construction and the like.

The Senator from Alabama [Mr. BLACK] then adopted the new philosophy because of the crisis in which we find ourselves and provided for a 6-hour day and a 5-day week. That, as I understood it, was the purpose of the measure as originally presented, to change the basis of the daily hours of labor that had been ours in the days gone by and to provide shorter hours. In order that there might be more jobs and in order that we might bridge over the chasm that now confronts us and now imperils us, we provided that we should have a 6-hour day and a 5-day week. That was the great bone of contention originally. I may be in error in thus ascribing to the Senator from Alabama [Mr. BLACK] the purpose which I do ascribe to him, but it was with some of us the great desideratum.

Now we return, with the amendment of the Senator from Arkansas [Mr. ROBINSON], to the 8-hour day, and we return not to what was existing before but to a 36-hour week. Divide it as we may, if 8-hour days shall be the work of those who are in industry, they can have but $4\frac{1}{2}$ days' work per week under the amendment. It may be said that they do not require to work the 8-hour day; but, of course, the design of the amendment, I assume to be, is that it shall be permissible, of course, to work the 8-hour day, and thus relax what is thought to be the rigidity or the drastic character of the measure. It may be essential, I do not know; but the amendment does alter the original philosophy of the bill entirely. Instead of the 6-hour day now we are providing for an 8-hour day. So instead of a 5-day workweek the amendment would provide possibly for a 6-day workweek. If that be the design of the Senator from Alabama and those who are the progenitors of this measure and have worked so hard upon it, I think it ought to be stated, and that we ought to go forward upon that theory.

Mr. ROBINSON of Arkansas. Mr. President—

The VICE PRESIDENT. Does the Senator from California yield to the Senator from Arkansas?

Mr. JOHNSON. I yield.

Mr. ROBINSON of Arkansas. Of course, the Senator knows that if the maximum limit were used there could not be a 6-day week.

Mr. JOHNSON. Oh, no; not if the maximum were used.

Mr. ROBINSON of Arkansas. If the maximum limit were used, there would be a $4\frac{1}{2}$ -day week.

Mr. JOHNSON. I so stated.

Mr. ROBINSON of Arkansas. The Senator has just stated that the amendment contemplates an 8-hour day and a 6-day week.

Mr. JOHNSON. Perhaps I should have added that if the 6 hours be utilized as a day's labor it will be a 6-day week; if 8 hours be utilized as a day's labor, then it will be a $4\frac{1}{2}$ -day week. So we now have a measure that is not of the character of the original measure that was submitted, and we are changing entirely the philosophy of the particular enactment. To this some of us object.

Mr. BARKLEY. Mr. President, will the Senator from California yield to me?

The VICE PRESIDENT. Does the Senator from California yield to the Senator from Kentucky?

Mr. JOHNSON. I yield the floor to the Senator, if he desires.

Mr. BARKLEY. I want to inquire of the Senator from California, if this amendment is based on the theory that it will preserve the present situation, is not that subject to the exception that where men are working by the day and receiving wages by the day and are reduced from 6 days to $4\frac{1}{2}$ they will have their wages reduced, although those who are paid by the week might continue at their present wages?

Mr. JOHNSON. I should think that might be likely.

Mr. NORRIS. Mr. President—

The VICE PRESIDENT. Does the Senator from California yield to the Senator from Nebraska?

Mr. JOHNSON. I yield the floor, as I think the Senator from Nebraska wishes the floor.

Mr. NORRIS. Mr. President, I think we ought not to forget that one of the principal objects of this proposed legislation, as I view it, is to help the country and the people of the country get out from under the terrible depression. One of the principal things that is sought to be attained is to lessen unemployment. One of the things we want to do by this legislation—and I doubt whether it would be here if it were not for that—is to relieve the present terrible distressed conditions by giving jobs to men who want to work. I have not heard of any calculation having been made, and, of course, I have not heard of this amendment until just now, so I cannot estimate what effect its adoption would have upon the unemployment situation, but it is quite obvious, it seems to me, and it requires no time to reach the conclusion, that if the amendment shall be agreed to it will not bring about the relief in unemployment that the bill would do if unamended.

Mr. ROBINSON of Indiana. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Indiana?

Mr. NORRIS. I yield.

Mr. ROBINSON of Indiana. The Senator knows, because he was chairman of the subcommittee which considered the bill, that for weeks and weeks hearings were held and testimony was adduced with reference to what effect the 5-day week and 6-hour day would have on the unemployment situation.

Mr. NORRIS. Yes; I am familiar with that.

Mr. ROBINSON of Indiana. The hearings were all printed; they are now before the Senate; and each Senator has the opportunity to read them in detail, if he so desires. As the Senator from California [Mr. JOHNSON] has said, the proposal embodied a certain philosophy proposed to be adopted in order to help remedy the situation. Now we are confronted, without a moment's notice, with a brand new philosophy and with a new set of circumstances and a new arrangement which the subcommittee never had any opportunity at all to study, and on which it took no evidence. Therefore we are entirely unprepared to pass on a measure of that kind, not having studied it.

Mr. NORRIS. As I remember, the evidence disclosed that, if this bill were passed restricting labor to 6 hours a day and 5 days in a week, it would help the unemployment situation by putting 6,000,000 men to work. I am wondering if I have stated the figures correctly. Does the Senator from Indiana remember them?

Mr. ROBINSON of Indiana. Some of the evidence was to the effect that it would put six and one-half million men to work.

Mr. NORRIS. Yes. Mr. President, that is something worth while, if we can do it. That will not be done if this amendment shall be agreed to, although it would help some, I concede. I cannot tell how much, but if we put 6,000,000 men to work that would be the greatest step that has yet been taken or contemplated or proposed in any one single proposition.

One can almost compute the number to a mathematical certainty, and it was so computed before the committee by many witnesses who appeared. As I remember, the evidence was that the enactment of this proposed law would, in round numbers, put 6,000,000 men to work. I know that it has been said in the course of this debate that it would reduce

the wages that the men would receive per day. The Senator from Arkansas, I think, pretty well answered that; but it is the theory of those who believe in this proposed legislation, it is the theory of those who believe in its philosophy, that if 6,000,000 men were put to work, even though wages were temporarily reduced when that happened, it would mean 6,000,000 men would join the army of people who are able to spend money instead of receiving charity. It would put purchasing power in the hands of 6,000,000 who have now no purchasing power. It is the theory—and I believe it will work out in practice—that if 6,000,000 men who do not now have it, were given purchasing power, it would start the wheels of industry; it would open the factories; it would afford a market to the products of the farm; it would help all along the line, and when that happens, 6,000,000 more men would be given employment. There would be competition for jobs. Instead of men hungry and unfed walking the streets hunting for jobs, there would be more jobs than there would be men; there would be competition, and wages would go up instead of down. If it should not work in that way, then probably none of our plans will work.

I call the attention of the Senate to the fact that if nothing is done we are headed for chaos, and it is not far in the distance. We cannot continue to feed 12,000,000 men and raise the necessary funds from taxing the balance of the country to do it. We must give the unemployed jobs; they must have work. That is the only way to give them purchasing power. I do not mean it is the only way in this bill, but I mean the purchasing power must be given to those who do not now possess it or we cannot hope for a return to prosperous times. It will be conceded that it is an impossibility for the depression to pass away and prosperity take its place unless, in some way or other, we place the purchasing power in the hands not only of the 12,000,000 unemployed but of the many other millions who have lost their purchasing power. It is not enough to put 6,000,000 men to work. We believe, however, that if 6,000,000 men can be put to work the wheels will be started, and whenever they start more men will get work. Then 6,000,000 men, instead of getting charity and doles, will have their self-respect returned to them; they will be buying shoes and clothes and better food, and will be building houses. That will give employment to 6,000,000 more, and that will start many factories that are now idle; that will bring smoke from many a chimney that is now cold. When that happens many millions more will have their purchasing power restored, and that will mean that the farmer who is now producing at a loss and who has completely lost his purchasing power will have his purchasing power restored to him.

So, Mr. President, regardless of what we think, regardless of what we believe ought to be the right number of working hours, we know that with men working 6 hours a day, in order to produce the same amount of products it will require more men than if they worked 8 or 10 or 12 or even 11 hours a day. So the more men who can be put to work, the bigger will be the push that will be given to the wheel that we must turn in order to get prosperity back.

Mr. LONG. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Louisiana?

Mr. NORRIS. I yield.

Mr. LONG. I should like to invite the attention of the Senator from Nebraska—and I hope also the Senator from Arkansas will give me his attention—to the fact that this is what will happen if we amend this bill so as to provide for an 8-hour day: A corporation may simply shift its crews; in other words, I can run my sawmill until Friday morning at 12 o'clock with my regular crew, and then I can simply swap crews between corporations and run the other day and a half on the basis of a straight 8-hour day, and there will be nothing in the proposed law to forbid it.

Mr. ROBINSON of Arkansas. I do not think that could be done.

Mr. LONG. Yes; it could be.

Mr. ROBINSON of Arkansas. Oh, no.

Mr. LONG. I should like to know why it could not be done.

Mr. NORRIS. I did not hear all the Senator's statement.

Mr. LONG. The point is this: It is proposed to forbid products to be transported in interstate commerce if they are made by labor employed more than 36 hours a week. Under the amendment of the Senator from Arkansas, if it shall be adopted, that means that the employer must not work any one of his laborers more than 36 hours a week. Under this amendment that employer can work his men 8 hours a day until Friday at 12 o'clock. I have a sawmill called the "A Lumber Co." and another sawmill called the "B Lumber Co.", both incorporated, and I do not have to do a thing in the world on Friday at 12 o'clock but shift the crews and work the balance of the week and work on Sunday, too. So, under this amendment, I could have the same mills running 7 days a week with practically the same hands.

Mr. NORRIS. Mr. President, let me call the attention of the Senate again to the fact that this is an emergency. I think I would favor this bill anyway; but we are now confronted with an emergency.

The bill provides that it shall be in effect for 2 years. There are "whereases" coupled with it in order to call attention to the emergency, all for the purpose of guarding against the possibility of an adverse decision by the Supreme Court on constitutional grounds.

Personally, I believe that the Supreme Court would sustain the measure, and that it could be sustained on perfectly legal grounds even without those provisions; but they will all help.

If we are going to have an emergency measure here for the purpose of reemploying the idle we ought not to put on the bill an amendment that will bring about an opposite effect, or tend to do that. This amendment will tend in that direction because the emergency quality of the bill will partially disappear when we provide for the employment of a less number of men.

Mr. LONG. Mr. President, I do not think I spoke in such a way that anyone could fail to understand what I said. We know that this law is going to be evaded and avoided in any way that it can be. What I said relative to the amendment of the Senator from Arkansas I think by this time he no doubt clearly sees. He sat here thinking it over for several minutes.

The point is this: If we provide—we who have been in the manufacturing business as laborers, for instance—that we are going to let them work a man 36 hours a week 8 hours a day, the planing mill can be under one corporation and the sawmill can be under another corporation. You can cut just about as much lumber in 4½ days as it will take you to plane in 2½ days; and you will not have to do anything in the world but shut down the sawmill on Friday and open up the planing mill that afternoon and run the balance of the week.

Mr. ROBINSON of Arkansas. The same thing could be done under the original bill.

Mr. LONG. Oh, no; it could not!

Mr. ROBINSON of Arkansas. Oh, yes!

Mr. LONG. Now that the Senator sees the first point, I will show him why it could not be done.

Mr. ROBINSON of Arkansas. There is no distinction between the provisions of the bill and the provisions of the amendment as to the switching of crews. When a man has worked the limit of his time, either as to hours per day or hours per week, he cannot be worked any more. That applies to the 30-hour limitation just exactly as it does to the 36-hour limitation.

Mr. LONG. The difference is this: The 30-hour provision of the original bill is founded upon the fact that a man cannot be worked more than 6 hours a day, nor more than 5 days a week. That leaves Saturday only. In other words, if they wished to hire an additional crew, or to shift crews, that crew would have only 1 day to work and only 6 hours of the day.

Mr. ROBINSON of Arkansas. Yes; but under the Senator's statement a few moments ago, in which he said that they could work on Sunday—

Mr. LONG. They could.

Mr. ROBINSON of Arkansas (continuing). They could do the very same thing, if they wished to undertake it, under the terms of the bill that they could do under the amendment. There is no difference between the amendment and the bill in that particular.

Mr. LONG. Except in the particular that in one instance they would have 20 hours available to them, whereas in the other instance they would not have more than half that amount.

Mr. BARKLEY. Mr. President, if the Senator will yield—

Mr. LONG. Yes, sir.

Mr. BARKLEY. This bill prevents the shipment in interstate commerce of any commodity manufactured in a factory where any person is worked more than 6 hours a day or more than 5 days a week; but under the original language of the bill the same process of shifting could go on that the Senator says could go on under the amendment of the Senator from Arkansas.

Mr. LONG. There is not time enough to do the shifting.

Mr. BARKLEY. Yes; there is. The only difference would be that the men would work half a day longer under his shift than they would under this.

Mr. LONG. No; they would work 2 hours longer in the day. It is not a practical proposition. I think the Senator will agree with me that it is not nearly so feasible nor nearly so practical for them to provide for a shift of 6 hours as it would be to provide for a shift of 12 hours; and in this instance, assuming that 6 days is the normal running time, they would have a chance there to run for at least 12 hours more.

Mr. BARKLEY. The only difference would be probably an advantage in shifting under the bill as it is written, because it would be easier to shift on Saturday morning than it would be to shift at noon on Friday, for they would have all night to do the shifting instead of 1 hour.

Mr. LONG. But in the instance I point out, let us assume that they do evade the law. Under the law as now written by the Senator, they would never get over 36 hours' work out of a man; but if they evade the law as the Senator from Arkansas has provided, they will get 48 hours' work out of him, and we will have the same 8-hour law that we have right now. We will not have any difference in the law.

Now, this is the situation about the law, assuming that it is to be held constitutional, and I think it should be: If we adopt the amendment of the Senator from Arkansas we are going to have the 8-hour day. My opinion is that that will be about all that we will ever have. We will have an 8-hour day, and no more than an 8-hour day. I should like to see the Senator from Arkansas whittle his amendment down from 36 hours to 35 hours, 34 hours, or 33 hours, because I am afraid it is going to be adopted; but I certainly think it is going to modify the intent and purpose of the act.

Mr. BLACK. Mr. President, as stated by the Senator from California [Mr. JOHNSON], the amendment offered by the Senator from Arkansas [Mr. ROBINSON] departs from the philosophy of the measure which was originally introduced in this body. I do not desire that this amendment be voted upon until I have stated my views in connection with it.

I might state that when I introduced this bill, I expected it to become a law. I did not anticipate at that time that it might become a law so quickly as I now believe that it will. I realized at the time I introduced the bill that the majority of the Senate or the majority of the House might make it necessary to increase the number of hours provided in the bill.

I do not yield for myself one particle of the belief that this bill should be restricted to 30 hours per week and 6 hours per day. I cannot agree, however, that a reduction

to 36 hours would not be a wonderful thing for the people of this country.

I listened with interest to the statement of my good friend from Oklahoma [Mr. GORE]. It would, of course, be possible for other puns to be drawn upon other names. If it be true that this act is to bear my name and to become the law, I desire to state to my good friend from Oklahoma that I desire no higher honor in this legislative body. Thank God, I am not living in my own mind in the Elizabethan era of a philosophy for a past age that does not suit modern conditions.

Who can deny that the system operated in this country under the rules and regulations which have been adopted has failed to function for the benefit of the men and women of the Nation?

I do not claim any monopoly of wisdom or vision. I do not think that either I or any Member of this body can claim that. I do claim, however, that no monopoly of wisdom can be claimed for him whose eyes are constantly turned toward the past, who has a backward vision into past ages, who seeks to do no more than to have the economic functions of this country guided, directed, shaped, and molded by formulas that may have fitted 200 years ago but do not fit the machine age, where men and women have been driven into economic slavery when they were promised economic liberty.

So, Mr. President, whether this bill as finally enacted into law liberates the weary bodies and the aching backs of tired human beings by reducing their working hours to 36, or whether it liberates them by reducing their working hours to 30, there has never been anything in my life heretofore, and I do not believe there will ever be anything hereafter, that I shall look upon with more pride than I do the small part I may have contributed to bring about this surcease from drudgery and labor which has made people more of slaves than the people who lived in the South in the olden days.

Mr. President, when I think of people in this Nation today, as the evidence shows, working 16 hours per day, with whirling machinery dinning into their ears, going home tired, worn out, and weary, going into their homes in such a condition that they can do nothing but retire and try to get a little sleep in order to forget the din and whirl in their ears, I do not apologize to the people of America for introducing a bill to use the arm of government to prevent that abuse, to prevent grinding down into human slavery men and women who are too weak and too helpless to protect themselves.

No, Mr. President; I admit the honesty, the integrity, and perhaps the superior wisdom of those who take an opposite philosophical view of government. I know that there are many who believe that the best thing to do is to let it alone; but I do not.

With reference to this bill, it is a question for the Senate to decide whether the original philosophy shall be retained or the amendment shall be adopted. Either one marks a milestone along the way of human progress and human hope. Either one, Mr. President, offers to those who toil in mill and in factory, to those whose bodies have been drained until as you look at their faces you can see that the blood has been taken away, a shorter working period in order that they, too, may enjoy some of that leisure which should be granted to all when machines can take the place of human beings.

It is easy, of course, for those who do not engage in those undertakings, for those who are not compelled to perform this drudgery, to forget how hard it is; but, Mr. President, leaving it to the Senate to vote upon this amendment as in its wisdom it sees fit, insofar as I am concerned, I was for the bill as it was originally introduced. I am for it yet. I cannot yield my own judgment as to what is best with reference to a vote upon the measure; but, of course, if it were necessary or if it is necessary to take the longer hours, I should prefer 36 hours to a continuance of the practices

that are now in existence throughout this Nation. Why keep 12,000,000 people in idleness and then be fearful of the leisure that might be given to some others by shortening their hours of labor?

Mr. GORE. Mr. President, whenever it becomes necessary seriously to discuss a measure of this kind, it is a good deal like discussing the reputation of a woman: it is too late.

I believe in the policy of sharing work. I believe in the policy of staggering work. I think that industry, as far as it can go without too much impairment of efficiency, ought to stagger employment, to distribute wages among as large a class of employees as may be found practicable in this distressed situation. If I fancied for one moment, if I indulged the golden dream—and I say "dream" deliberately—that this measure would give employment to 6,000,000 men, much as I object to it in principle, I would withhold my opposition. For the moment, and for the moment only, I waive the constitutional point—the belief that this measure runs counter to the Constitution and to the adjudicated cases.

If we employ 6,000,000 additional men, it will either increase the present output of our factories, or it will add to the cost of that output. If it enlarges the output, who will absorb this increasing surplus? If it adds to the cost of the output, who, in this stricken land, is able to pay advancing prices with diminishing wages, with diminishing incomes? That, sir, is a fantastic dream which will turn out to be a nightmare when this measure comes to be enforced.

Colbert, the great financier of France, asked the manufacturers of that country what the Government could do to improve the conditions of manufacture. The answer is historic, the answer is celebrated, "*Laissez nous faire*"—"Let us alone."

Only the other day a practical farmer from South Dakota appeared before the Committee on Agriculture. Some Senator asked him what he desired to have the Government do for him. He returned the same celebrated answer, speaking as a farmer in behalf of the farmers, "Let us alone."

That, sir, was the soul of the political philosophy of Thomas Jefferson. He said, "That government is best which governs least." The minimum of government in one age is not indeed the minimum of government in another. Circumstances modify the degree of government which is essential to law and order, to the protection of human life and human liberty.

Mr. President, that does not mean that we must undertake to regulate and to interfere with all human activities. I cannot imagine this measure giving employment to 6,000,000, 4,000,000, 2,000,000, or even 1,000,000 unemployed.

What will happen? What I think will happen is that hours will decrease, wages will decrease, work will speed up, and labor will be driven to perform as much work in 6 hours as in 8. The wage earners, threatened, frightened by the bread-line, will attempt the task.

I accept the challenge. I renounce the philosophy of this measure. It is the philosophy of the defeatist. It is the doctrine of the defeatist. It accepts defeatism as a philosophy. Nay, more, it accepts defeatism as a fact. I do not.

There are millions and hundreds of millions of human beings on this globe half fed, hungry, starving—hundreds of millions half clad, naked, freezing—hundreds of millions with no rooftop above their heads. This bill proceeds upon the theory that we have more things than people need, that we have more things than people want. When the needs of the human race are supplied, when the legitimate wants of the human race are satisfied, and there is still a surplus bankrupting the producer, then, sir, will I consider this doctrine, this measure of the defeatist, stopping progress, staying production, surrendering, beating a retreat; may I not use the phrase "crawling in a hole and pulling the hole in after us?"

Let us exhaust every human effort to devise a better system of distribution, a better system of supplying human

needs and human wants, before we convert plenty into scarcity and create a famine by law.

Mr. President, I know that new truths render ancient good uncouth, and that we should change our methods with changing circumstances. But I think we ought to distinguish between those things which are changeable and those things which are not changeable. Failure to make that distinction involves some statesmen in utter and outer confusion.

It may be, sir, that we ought to change the sea level with the ebbing and flowing of the tide. I still adhere to and I still believe in the law of gravity, and I think it defies change. It does not vary with the varying hour. I apologize to the Senator from Alabama, I am old-fashioned, and, sir, I still have, I will say, a qualified, a lingering faith in the multiplication table. There are philosophers who assert that there are quarters in the universe where 2 and 2 do not make 4; I do not know. I do not accept that philosophy. There are some Senators who seem to embrace that new-fangled philosophy, some who think that 2 and 2 make 3 from midnight until noon, that from noon to midnight 2 and 2 make 5, varying during the interval with the sign of the zodiac, the quarter of the moon, the state of the tides, and the direction of the trade winds.

I remember that Mr. Jefferson said on one occasion, speaking of a truth which did not vary with the winds, that it constituted the compass to guide our voyage across the ocean of time—not across the babbling brook of the passing hour. I do not complain of those who change their views with the varying winds. That is their privilege. I merely wish to be excused myself.

It seems to me at times, Mr. President, that we proceed upon the theory that all standards have lost their value, that the sea level is standing upon end, that all moorings have slipped, and all anchors have broken, that all constants are variable, and that all variables are capricious and erratic, playing hide and seek with truth, that one computation is as safe and sound as another, if only made under the potent magic of a wishbone.

I think we will be admonished, when we pass this measure, that there are some principles which still abide, that there are some truths which are still eternal. How often do these promising measures cheat the hopes of their sponsors. I heard only the other day that in one of the Western States there is a minimum wage law for women, passed with the loftiest sentiments of humanity, sentiments which would adorn the Senator from Alabama, but, sir, in these distressed times, the employers cannot afford to pay those minimum wages to the women, even though the women would rejoice to accept them. But under a penal statute undertaking to elude economic forces which defy circumvention, those impoverished women are being driven from their jobs. Men who are eligible to accept the places at reduced wages are stepping into the places occupied by these women, and the lofty sentiment has suffered an abortion in that State, has sacrificed the interests, perhaps the health, possibly the lives, of those women whose positions have passed to men, in the interest of lofty sentimentalism which seeks to elude economic forces which defy control, which defy your puny power, which defy your imperious "be it enacted."

A few years ago I was out in Illinois, at the little town of Effingham, stopping at a small hotel which was run by a lady. She had a mocking bird, a beautiful singer. I was admiring its song and praising the songbird. The lady told me that her keeping of that bird at that time was a crime, that she was violating the law of the land, that she was a criminal under the laws of the great State of Illinois for harboring the sweet singer. Humanitarians in that State had succeeded in securing the passage of a law requiring that all native birds in captivity should be released, and she said her neighbors had obeyed the law and had released the birds they possessed, some of which had been in confinement for years. These birds were gentle; they were unafraid, they had no sense of danger, they could not provide for themselves, they were unprepared for the strug-

gle of existence; and when they were liberated, when their liberty was restored to them, to put it bluntly, they were devoured by the cats. Oversanguine Senators should be warned by that catastrophe.

The PRESIDING OFFICER (Mr. CLARK in the chair). The time of the Senator from Oklahoma has expired.

Mr. BARKLEY addressed the Senate. After having spoken for about 10 minutes,

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Kentucky yield?

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Arkansas?

Mr. BARKLEY. Certainly.

Mr. ROBINSON of Arkansas. A number of Senators cannot remain for a longer session this afternoon. It is apparent that we can complete consideration of the bill in a very short time tomorrow. It is my intention to move now a short executive session, with the understanding that the Senator from Kentucky may resume his speech tomorrow.

Mr. BARKLEY. I want it understood, if we are to recess now, that I am to retain the floor when we meet tomorrow.

The PRESIDING OFFICER. That will be the understanding.

[Mr. BARKLEY's speech will be published entire after it shall have been concluded.]

REDUCTION OF GOLD CONTENT IN DOLLAR

Mr. CONNALLY. Mr. President, I ask unanimous consent to print in the RECORD an article by Mark Sullivan on the subject of reducing the gold content in the dollar.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SHOULD UNITED STATES GO OFF GOLD STANDARD AMERICAN COURTS MIGHT RULE THAT GOLD CLAUSE IS NOT BINDING

By Mark Sullivan

WASHINGTON.—The writer of this article has happened, through the depression, to be in a position where he saw events developing from the inside. It has been an experience productive of many forms of interest, provocative of many reflections. Among these one of the most frequent has been to observe how some comparatively unnoticed incident, often remote, can have consequences flowing out, farther out, in larger and larger circles until every inhabitant of every village in America, every farmer on every farm, felt the effects come home to him.

One of the present conditions, so far almost completely unnoticed, but destined shortly to be much talked about, is a thing called the "gold clause." It is with the gold clause that the present article deals. And what is said here will have, I am sure, fascinating interest—if not now, surely in a little while—for every lawyer and banker. And if I can succeed in making it clear enough it may have interest for the average reader who, sooner or later, is going to be affected in his fortunes by what is done or not done about the gold clause. I think it likely that substantially every reader of this article either owes or has due to him a debt which is affected by the gold clause.

The question which occupied practically every important mind in the country during the past week—and which vitally affected every mind, whether important or not, and every person from the lowest to the highest, the poorest to the richest—was, Is the United States off, or going off, the present gold standard?

Throughout this depression it has been almost universally assumed that for a particular reason America would not—let us say almost could not—go off the gold standard; that there was in America a condition which made departure from the gold standard so inexpedient as to be practically impossible. Great Britain might go off the gold standard, as it did on September 20, 1931—but in America there was a condition which made imitation by us of Britain's example so difficult as to be impossible. France might reduce the gold content of its currency, but America, for a particular reason, could not or must not.

The reason, the insuperable condition, was the presence in billions of American mortgages and bonds of the gold clause. And to understand something vital that is just ahead of us, it is desirable to recite briefly the history of the gold clause in American bonds and mortgages.

BRYAN POLICY REVEALED

There was in the United States intermittently, indeed, almost steadily, from after the Civil War until 1896, the same question, the same commotion, that is now bedeviling us. It was a demand for "inflation", a demand that paper dollars (to an indefinite number) be made arbitrarily equal to a gold dollar, or that silver dollars of a certain weight be made arbitrarily equal to a gold dollar. The demand came to a head in the Presidential campaign of 1896 when William Jennings Bryan made the Democratic fight upon an issue which said, in effect, that 16 ounces of

silver should be made by law exactly equal to 1 ounce of gold; or to put it in terms of money, that a gold dollar should be made equal in value to a silver dollar of 16 times the gold dollar's weight.

This 30 years of agitation for inflation created, as agitation about inflation always does, a fear that the paper dollar might become less in value than the gold dollar; that, indeed, the paper dollar, if inflation should go far enough, might become worth only a few cents in gold, or practically nothing. (As the German mark did in 1924.) To forestall that possibility, lawyers drawing up mortgages during the eighteen seventies, eighties, and nineties, fell into the way of writing into mortgages a gold clause. The common form was that the mortgagor, the debtor, promises to pay \$1,000 (or whatever else might be the sum) in gold dollars of the present standard of weight and fineness.

The insertion of this gold clause in all sorts of mortgages, bonds, and other instrumentalities of debt, was practically universal up to 1896. Many of these old mortgages and bond contracts, written preceding 1896, still exist, especially in the case of railroads.

But the writing of the gold clause into mortgages and bonds did not cease in 1896. Lawyers, in many of their mental operations, are an apelike folk. A lawyer subsequent to 1896—indeed, as late as 1930—called upon to write a mortgage or a bond, looked up the language of an existing mortgage or bond, and faithfully copied it word for word. Through this tradition and precedent the writing of the gold clause into mortgages and all contracts of debts became a habit, a routine.

Thirty years or more after the fight on the gold standard, after Bryan was dead, after the old fights for inflation through "greenbackism" and "free silver" had been forgotten, after the United States was supposed to be as securely on the gold basis as English is the common tongue—after all that time, young lawyers who had not even been born when Bryan demanded free silver, lawyers in little county seats in Kansas and Iowa, and even more the big lawyers of New York and Chicago, continued to write into mortgages and other contracts of debt the old formula that "this contract shall be payable in gold dollars of the present standard of weight and fineness."

CREDITORS CAN DEMAND GOLD

The result is that there are literally billions of dollars, probably hundreds of billions, of such mortgages and bonds in existence. The exception, indeed, is to find a bond or mortgage or other contract of debt which does not contain the gold clause. Any reader of this article can entertain himself for a few minutes by reading carefully the language of any bond he happens to own, or any mortgage he happens to owe. Probably not one person in a thousand has ever read the complex legal verbiage of the instrument he relies upon or which he is expected to pay. If he will read it now he will find, in nine hundred and ninety-nine cases out of a thousand, that the bond or mortgage says "gold dollars of the present standard of weight and fineness."

Now a gold dollar "of the present standard of weight" contains 23.22 grains of gold. That has been the standard since before the Civil War. And the gold clause in those billions of dollars of bonds and mortgages is supposed to guarantee, beyond the possibility of a doubt, that the creditor, the owner of a \$1,000 bond, for example, can, if he chooses, demand and insist on receiving \$1,000 each containing 23.22 grains.

It is the presence of this gold clause in billions of American contracts that has been supposed to make it impossible for the United States to go off the gold standard. The gold clause does not exist, or at least is not habitual, in the mortgages and debt contracts in other countries. Consequently it was simple for the British to go off the gold basis and for the French to say their franc should contain less gold than it formerly had.

But, as it has been almost universally argued, the United States could not go off the gold standard, nor say that the gold dollar in future shall contain, for example, only 15 grains, because the existence of these billions of dollars of old debt contracts would create too much difficulty, become too intolerable a hardship on persons and corporations obliged to pay their debts in the old and heavier gold dollar.

Throughout all the discussion ran, of course, the question which may be stated thus: If the United States should go off the gold basis, or if the United States should decree that the gold dollar shall contain a smaller amount of gold—in that event what would the courts do about the contracts to pay in old standard? To ask what the courts would do about these old contracts is, in effect, to ask what the Supreme Court of the United States would do, for everybody knows that the Supreme Court would have the final say.

UP TO THE COURTS

In the inner discussions that arose in several crises in this depression, on the two or three occasions when the Government was obliged to give consideration at least to the possibility of going off the gold standard, or being forced off it—always thought was given to this question: What would the courts do about these old contracts of debt containing the old clause for payment in existing gold dollars?

The time preceding the present when we came nearest to going off the gold standard was in early February 1932. At that time, though the country never knew it, and though we pulled out of that crisis, we were within a few weeks of being obliged to go off the gold standard. On that occasion, when it was necessary

to consider whether we might later go off the gold standard, Mr. Hoover, with his habitual care to provide for future possibilities, asked one of his legal assistants to give him an opinion—which, of course, could only be a surmise—as to what the courts might do about the old gold-clause contracts in the event that America should go off the gold standard. The opinion, of course, could be only a guess. The courts had never had occasion to decide the question, and what the courts might do, if and when the question should arise, was a question as to which the best of lawyers could only make a guess.

We are apparently a little nearer today to the same question. What the courts would do about these billions in existing mortgages, bonds, and other debt contracts is at this moment a pretty practical question. The answer, of course, now as before, can be only a surmise; but there has been a recent event which throws greater light on what the courts might do than any we have had before.

The gold clause is, I have said, almost solely an American institution. In other countries it exists hardly at all, but it turns out that there was at least one such contract in Great Britain, and that the British courts were obliged to answer precisely the question which our own courts will be obliged to answer if we should go off the gold basis or if we should reduce the quantity of gold in the standard dollar. The chancery division of the British high court answered the question a few weeks ago, and their answer throws light on what our own courts might do—light which, incidentally, will be acutely discomfiting to creditors who have been thinking that they have an absolute and impregnable right to demand "gold dollars of the present standard of weight and fineness."

In Great Britain in 1928 a certain corporation borrowed money and into the contract for repayment wrote a clause saying that the sum was "payable in gold coin of the United Kingdom or equal to the standard of weight and fineness existing September 1, 1928."

CLAUSE KNOCKED OUT

Three years later Great Britain went off the gold standard, and the British pound, formerly worth \$4.86 in gold, became worth some \$3.20. Still later, a few weeks ago, the debt mentioned became due, and the creditor demanded payment, according to the language of his contract, in the old gold pounds. The debtor tendered ordinary paper pounds. The creditor haughtily refused them, insisted on having his gold, and went into court to get it.

What the British courts did to that gold clause is what Jack Dempsey did to Jess Willard. They knocked it out, firmly, fatally, and finally. That was "not a bullion contract," said the court; "that is, it was not a contract having to do with mining and calling for gold bullion as some contract might call for land or coffee or cotton. Not at all," said the court. "The contract is a simple contract to secure payment of a sum of money, and if the defendants (the debtor) tendered the sum of money in question in whatever might happen to be legal tender at the date the payment was due they have discharged their obligation. * * * To attempt to impose upon the debtor an obligation to pay in a particular form and not anything which is legal tender is an attempt to do something which cannot be enforced if the contract is a mere contract for payment of money."

That decision has a most important bearing on what is apparently about to arise in the United States, if we go off the existing gold standard. Decisions of British courts are, of course, not binding on American courts. But no one can read that British decision in full without coming pretty firmly to the conviction that the American courts would take the same position.

The hardly inescapable inference is that any American owing a mortgage or a bond or a debt on a contract containing the gold clause will be able to pay his debt in whatever is legal tender at the time the debt comes due, paper dollars, silver dollars, or any other form, provided it is legal tender. As respects creditors the deduction is that anyone who fondly believes he can demand 23.22 grains of literal gold for each dollar due him may be as disillusioned as Shylock was on a similar occasion.

In short, the gold clause seems likely to go the same path as a good many other institutions hitherto considered impregnable. These are tough times for Gibralters.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business in open session.

REPORTS OF COMMITTEES

Mr. SMITH, from the Committee on Agriculture and Forestry, reported favorably the nomination of Rexford Guy Tugwell, of New York, to be Assistant Secretary of Agriculture; which was placed on the Executive Calendar.

THE CALENDAR

The first business on the Executive Calendar was the nomination of Julian L. Schley to be Governor of the Panama Canal.

The PRESIDING OFFICER. There was a request made on yesterday that the nomination go over.

Mr. ROBINSON of Arkansas. Mr. President, I think the nomination should go over again in the absence of the Senator who submitted the request. I ask that it go over for the day.

The PRESIDING OFFICER. Without objection, it is so ordered. That concludes the calendar.

SUMNER WELLES

Mr. PITTMAN. From the Committee on Foreign Relations I report favorably the nomination of Sumner Welles, of Maryland, to be an Assistant Secretary of State. As the report is unanimous, I ask for the present consideration of the nomination.

The PRESIDING OFFICER. The nomination will be reported.

The Chief Clerk read the nomination of Sumner Welles, of Maryland, to be an Assistant Secretary of State.

Mr. LEWIS. Mr. President, I desire to add that it was my pleasure to join in the motion for the acceptance and approval of the nomination of Mr. Welles by the Foreign Relations Committee today. In view of my personal acquaintance with his qualifications, I delight to certify to his nomination and delight to join in the request of the Senator from Nevada [Mr. PITTMAN] for his confirmation.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Nevada?

Mr. McNARY. Mr. President, what is the request?

The PRESIDING OFFICER. The Senator from Nevada asks unanimous consent for the present consideration of the nomination. Is there objection? The Chair hears none, and the nomination is confirmed.

CLAUDE G. BOWERS

Mr. PITTMAN. From the Committee on Foreign Relations I report favorably the nomination of Claude G. Bowers, and ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The nomination will be reported.

The Chief Clerk read the nomination of Claude G. Bowers, of New York, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Spain.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. PITTMAN. I ask unanimous consent that the President be notified of the two nominations just confirmed.

The PRESIDING OFFICER. Without objection, the President will be notified.

HARRY H. WOODRING—NOTIFICATION OF PRESIDENT

Mr. ROBINSON of Arkansas. Mr. President, on yesterday the nomination of former Gov. Harry H. Woodring, of Kansas, to be Assistant Secretary of War, was confirmed. I ask unanimous consent that the President be notified.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senate resumed legislative session.

RECESS

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and the Senate (at 5 o'clock and 13 minutes p.m.) took a recess until tomorrow, Thursday, April 6, 1933, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 5 (legislative day of Mar. 13, 1933)

ASSISTANT SECRETARY OF STATE

Sumner Welles to be an Assistant Secretary of State.

AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY

Claude G. Bowers to be Ambassador Extraordinary and Plenipotentiary to Spain.